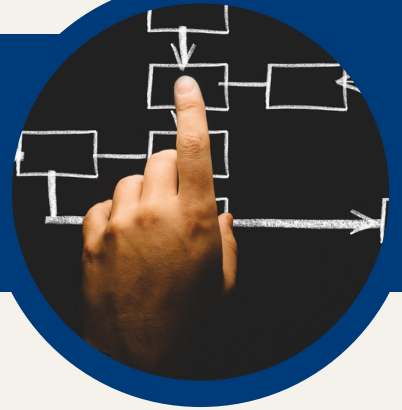


# Know your Customer and Know your Vendor in a complex and robust assessment flow



In current economic scenario interactions between companies can be very complex and present at the same time opportunities and threats. With the increase of exchanges, know exactly business partners, not only their identity but also the ownership chain, is the right way to establish powerful and long-term relationship.

If from one side compliance requirements are established by law, on the other side processes to find out a Beneficial Owner in a Know you Customer (KYC) and Know your Vendor (KYV) flow are a good practice to follow in day-by-day business activities.

Have the right name of a company, discover that is regularly registered in public sources is of course crucial, but it is not enough: it's necessary to understand who owns the company, identifying the Beneficial Owner.

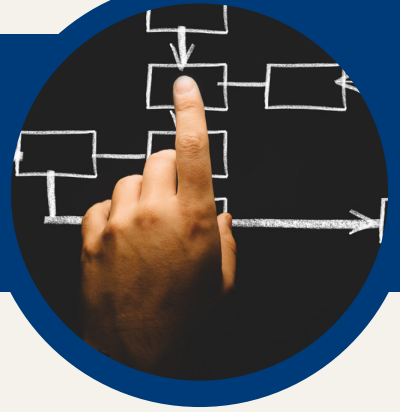
Considering definition in Business Dictionary, 'Beneficial Owner is entity that enjoys the possession and/or benefits of ownership (such as receipt of income) of a property even though its ownership (title) is in the name of another entity (called a 'nominee' or 'registered owner')'. Use of a nominee (who may be an agent, custodian, or a trustee) does not change the position regarding tax reporting and tax liability, and the beneficial-owner remains responsible. Also called actual owner'.

Starting from this definition, it's clear that be able to know the Beneficial Owner of the company is the success key to real understand the profile of a business partners. It's not enough to know the officers of the company or the name and address, but it's more important to go one step ahead.

Successful relationship between the companies are the focus asset in achieving economic results, so make a mistake, or be not so precise, in identifying the owner could represent a threat also from reputational point of view combined to a risk in a decrease of market share.

Trying to understand when and who need to define the Beneficial Owner, seems quite simple say that for every business is important understand Beneficial Owner of the business partners with the aim to avoid negative impacts on the company itself. Simple but true. If not always is required by law, it's in any case crucial to preserve business from issues caused by missing knowledge of the chain of the ownership.

# Know your Customer and Know your Vendor in a complex and robust assessment flow



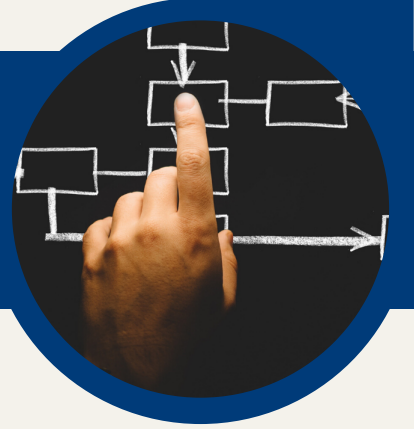
It's not only a matter to accomplish to legal requirements, it's a matter to preserve own business from third parties, customers and suppliers, from unknown ownership that could hide very critical aspect like money laundering, bribery and corruption. Shell companies are representing a high risk to firms that are dealing with them without any awareness of the ownership.

Reputational impact is connected to economic one: discover to be connected to a shell company or other entity with Beneficial Owner unclear or not identified means a negative impact on the brand, with a linked lost in term of market share and lost in revenue. Anonymity of the Beneficial Owner can move towards illegal activities and complicate the identification of the subject.



Unfortunately, the availability on the data related to Beneficial Owner are not always available. Over the past years, FATF (Financial Action Task Force on Money Laundering) strongly suggested, as best practice, to always identify Beneficial Owner during onboarding process, as well as every business relationship.

# Know your Customer and Know your Vendor in a complex and robust assessment flow



A higher disclosing of Beneficial Owner it's essential to prevent corruption, fraud and money laundering: not only for financial institutions of public bodies. Also for companies it's essential to be in the position to know who they're really doing business with, reducing overall risks. In this way, knowledge of Beneficial Owner has an important positive effect also to prevent financial misconducts activities. It has a positive effect in a wider scenario in actions fighting crimes like corruption, bribery or money laundering.

Assets coming from money laundering or corruption can fund new industries, holdings or estates and dealing with these subject can determines a threats if no checks on the real ownership is performed in advance starting doing business.

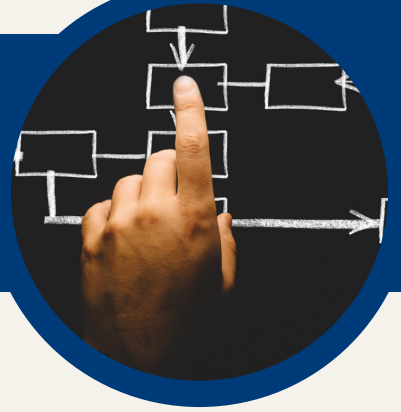
The KYC process must considered not as an additional step in bureaucracy activities, but a good practice in prevent money laundering, terrorist financing and fraud. A check done in advance allows to know customer and decide how to manage risks.

KYC process must become more and more a standard practice, to protect shareholders and investments in a specific company. It's good way to reduce risks and avoid to be involved, not aware or not fully aware, in illegal activities.





# Know your Customer and Know your Vendor in a complex and robust assessment flow

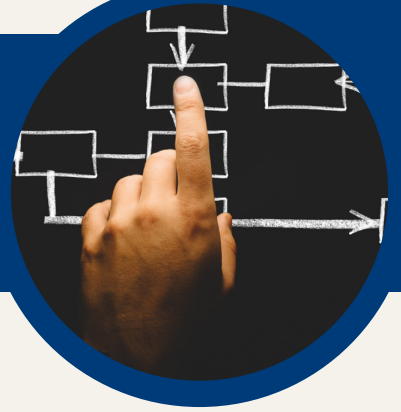


Beneficial Owner identification must involve all companies: it means customers or suppliers, with an established relationship or brand new partners. Even better, this process is strongly recommended before any new agreement is signed, in order to prevent future issues.

If it's more common to discuss about KYC, so the assessment related to a customer as strictly linked to topics connected to payments ability and performance, on the opposite side also analyze a supplier is connected to business development. Also a KYV, with the aim to know a vendor, is crucial too as have relationship with a supplier involved in illegal activities can have a negative impact, such as a stop in production due to lack in raw material if the supplier isn't anymore able to provide due to its criminal position.



# Know your Customer and Know your Vendor in a complex and robust assessment flow



Discover that a customer has a Beneficial Owner involved in financial crimes means be in the position to lose it as not anymore able to pay, with a consequent decrease in economic results. Discover that a supplier has a Beneficial Owner involved in financial crimes means have a high risk in not receiving goods crucial for production and not be able to sell them with a consequent negative effect in financial targets.

In any case, there are some mixed reasons that are moving towards a more extensive check of Beneficial Owner in KYC and KYV processes, from legislation, to economic results, to reputational aspects.

Due to the importance of this information and thanks to international presence and long-standing experience with local information providers, via SkyMinder, CRIF platform giving access to in-depth credit and financial data on companies all over the world, is possible to request KYC Report. Starting from company identification, then Shareholder list and % and Domestic Beneficial Owner, when available, is possible to obtain information on companies on the great majority of the countries.

KYC Reports are a crucial tool when a verification in a due diligence process is required and decisions must be taken on reliable and complete information.