

Scalapay S.r.l. with sole quotaholder

Organisation, Management, and Control Model under Legislative Decree No. 231 of 08 June 2001

Version 1.0 approved by the Board of Directors of Scalapay S.r.l. on 03/10/2022

Foreword

This document is the Organisation, Management, and Control Model adopted by Scalapay S.r.l. with sole quotaholder (hereinafter the "**Company**") pursuant to Legislative Decree No. 231 of 08 June 2001.

The adoption and correct implementation of this Model enable the Company to be exempt from administrative liability in connection to crimes committed by members of its senior management or subordinates, to the advantage or in the interest of the company, in line with the provisions of Legislative Decree No. 231 of 08 June 2001. The ascertainment that an unlawful act under the Decree has taken place exposes the entity to the application of serious penalties, affecting the Company's assets, image, and business.

The Organisation, Management, and Control Model is formed by a system of measures aimed at preventing or reducing the risk of commission of crimes.

This document is structured into two parts:

- A **General Section** which illustrates the contents of Legislative Decree No. 231 of 8 June 2001 and relative rules, including a summary description of the activity and internal organisation of the Company; this Part presents in general terms the methods adopted for drafting the Organisation, Management, and Control Model, and the primary measures and organisational systems adopted to ensure the proper implementation thereof.
- A **Special Section**, which takes into consideration the Company's various areas of activity that present risks of crimes, adapting to each area the various principles of conduct and control that must be complied with to prevent the commission of unlawful acts.

Scalapay s.r.l. with sole quotaholder

Organisation, Management, and Control Model under Legislative Decree No. 231 of 08 June 2001

General Section

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Definitions

Scalapay, Company, or Entity: Scalapay S.r.l. with sole quotaholder, with registered office address at via Giuseppe Mazzini 9 - 20123 Milan, Italy, VAT Number 06891080480.

NCBA for the Trade Sector: National Collective Bargaining Agreement for workers in the Distribution and Services sector; contract currently in place and applied by Scalapay.

Code of Ethics: the document adopted by Scalapay in which are outlined the fundamental values, ethical principles, and rules of conduct that must guide and inform the actions of all the parties who operate on behalf of the Company. The Code of Ethics forms an integral part of the Organisation, Management, and Control Model.

Customers: anyone, typically natural persons, who register with the Scalapay's portal and make one or more purchases from businesses or companies that have adopted the system of deferred payment through instalments offered by Scalapay.

Legislative Decree 231/2001 or Decree 231/2001: Legislative Decree No. 231 of 8 June 2001, as amended.

Legislative Decree 81/2008: Legislative Decree No. 81 of 9 April 2008, as amended, which regulates the activities on the protection of health and safety in the workplace.

Recipients: all the parties who are held to abide by the principles and provisions contained in the Organisation, Management, and Control Model;. More specifically, these include anyone who works towards the pursuit of the purpose and objectives of the Company, including (1) the managers of the Company and the members of the Company's governing bodies; (2) any person who holds a top-management office (meaning any person who, even just *de facto*, has any position by which they represent, manage, or control the Company); (3) the employees and external associates of the Company, in any capacity (including workers under permanent, fixed-term, or part-time contracts, workers from temp agencies, interns, and employees seconded abroad), who are under the management or supervision of the Company's senior management; (4) external suppliers and advisers, where applicable.

Whistleblowing Act: Law No. 179/2017, which contains the «*Provisions for the protection of the authors of reports on crimes or irregularities learned within the scope of a work relationship with a public or private body*».

Merchants: companies and business which have entered into an agreement with Scalapay to use the Service (as defined below) offered by the latter for the purpose of providing to its clients interest-free deferred payments options by splitting payments into instalments to purchase products or services at the Merchant's points of sale or through e-commerce platforms.

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Model: this Organisation, Management, and Control Model under Article 6, paragraph 1, letter *a* of Legislative Decree 231/2001 and adopted by Scalapay.

Supervisory Body: the supervisory body established by the Company and assigned to monitor the operation of and the compliance with the Model, its effective implementation, and the relative updates pursuant to Article 9 of Legislative Decree 231/2001.

Scalapay Gateway: Scalapay's proprietary software integrated in the Merchants' e-commerce platforms and points of sale for the purpose of enabling Customers to purchase the products offered by splitting payments into instalments.

Service: the service offered by Scalapay to Merchants, consisting of the activation and integration of the Scalapay Gateway into Merchants' points of sale or e-commerce platforms in order to enable said Merchants to offer their Customers the option to purchase the products offered by splitting payments into instalments.

Disciplinary System: the document adopted by Scalapay pursuant to Article 6, paragraph 2, letter e) of Legislative Decree 231/2001, which, based on the provisions laid out in the NCBA for the Trade Sector, regulates the types of sanctions applicable to the Recipients who violate the provisions of the Model and of the Code of Ethics adopted by the Company.

Scalapay Ltd: Scalapay Limited, a company established under Irish law, with registered office address at Suite 4.01 Ormond Building 31-36 Ormond Quay Upper, Arran Quay, Dublin (Ireland), who holds the full share capital of Scalapay and the other companies which offer the same Service in Italy and abroad, or which carry out complimentary or related activities.

Scalapay Sister Companies: the companies with registered offices in Italy and abroad, controlled by Scalapay Ltd, which offer the same Service or carry out complimentary or related activities.

1. Legal Framework

1.1. Legislative Decree No. 231 of 8 June 2001

Issued to implement the mandate conferred by the Government under Article 11 of Law No. 300 of 29 September 2000, providing regulations on the «*Liability of entities for administrative offences resulting from a crime*», Legislative Decree No. 231 of 8 June 2001 had the purpose of bring Italian regulations in line with the international Conventions signed by Italy on the liability of legal persons, and particularly the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests, the Brussels Convention of 26 May 1997 on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, and OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

The regulations introduced by Legislative Decree 231/2001 apply to entities with a legal personality, companies, and associations including without legal personality.

As established in Decree 231/2001, entities may be held "liable" for certain crimes committed or attempted in their interest or to their benefit by members of said entities' senior management (known as "persons in senior positions") and by those who are subject to the management or supervision of said persons in senior positions (Article 5, paragraph 1 of Legislative Decree 231/2001).

The administrative liability of the Company is independent of the criminal liability of the natural person who committed the crime, and goes alongside said liability when certain conditions apply.

This broadened liability introduced by Legislative Decree 231/2001 is in substance aimed at involving a company's assets in the punishment against certain types of crimes, thus ultimately affecting the financial interests of shareholders who, prior to this legislation, suffered no direct consequences in connection to crimes committed in the interest or to the advantage of their company.

At the same time, Legislative Decree 231/2001 provides for the exclusion of administrative liability where the entity adopted and effectively implemented, prior to the commission of the crimes, an organisation, management, and control model suitable to prevent crimes of the same kind to the one committed.

Interest and advantage are legally different concepts, and relate to the actions taken by the perpetrator and not the results thereof: the former requires an evaluation prior to the predicate crime, and it materialises when the perpetrator of the unlawful act - though acting without the intent to commit a crime - acted to enable a legal person to obtain a benefit; the latter, on the other hand, requires an evaluation subsequent to the commission of the unlawful act, and occurs when the perpetrator, acting on behalf of an entity, brings a benefit - which may even include savings on an expenditure - to the legal person by engaging in an action which is prohibited by law or gave rise to a criminal offence, even without the element of intent. As recently stressed in the jurisprudence of the Court of Cassation, «With respect to liability arising from a crime, the objective test criteria, represented by the references of Article 5 of Legislative Decree 231 of 2001 to "interest" and "advantage" are alternative and mutually concurrent, as the criterion of interest expresses a teleological evaluation of a crime, classifiable as "*ex ante*"

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in accordance with a clearly subjective frame of reference, whereas the criterion of advantage has an essentially objective connotation, and as such is classifiable as "*ex post facto*" based on the effects that materially arise out of the commission of the unlawful act» Criminal Court of Cassation, IV Division No. 3731 of 7 November 2019).

By express statutory provision under Article 5, paragraph 2 of Legislative Decree 231/2001, an entity cannot be held liable if the members of its senior management or their subordinates acted in their own exclusive interest or in the exclusive interest of third parties.

1.2. Offences Under Decree 231/2001

Under Legislative Decree 231/2001, an entity may be held liable exclusively for the commission of the crimes expressly listed in Articles 24 *et. seq.* of Legislative Decree 231/2001 or in other statutory provisions (including, for example, Article 10 of Law 145/2006 on "Transnational crimes²), when such crimes are committed in the interest or to the advantage of the entity by qualified persons within the meaning of Article 5, paragraph 1 of Legislative Decree 231/2001.

In the interest of clarity, the crimes listed in Decree 231/2001 can be classified into the following categories:

- **crimes in dealings with the Public Administration** (such as corruption, extortion, misappropriation of funds to the detriment of the State, fraud to the detriment of the State, computer fraud to the detriment of the State, and inducement to give or promise benefits, as per Articles 24 and 25 of Legislative Decree 231/2001);
- **cybercrimes and unlawful processing of data** (such as unauthorised access to a computer or telecommunication system, installation of devices aimed at intercepting, preventing, or interrupting communications via computer or telecommunication systems, damaging of computer or telecommunication systems, as per Article 24-bis of Legislative Decree 231/2001);
- **organised crime** (such as Mafia-like criminal organisations, including foreign, Mafia-related political election exchanges, kidnappings for ransom, as per Article 24-*ter* of Legislative Decree 231/2001);
- **crimes against public reliance** (including forgery of money, of money values having legal tender, of revenue stamps, and of instruments or identification signs, as per Article 25-*bis* of Legislative Decree 231/2001);
- **crimes against industry and trade** (such as disruption to the freedom of industry and trade, fraud in the exercise of trade, sale of industrial products bearing false marks, as per Article 25-*bis*.1 of Legislative Decree. 231/2001);
- **corporate crimes** (such as false corporate communications, preventing auditing checks, unlawful influence over the meeting of shareholders, bribery among private individuals, as per Article 25-*ter* of Legislative Decree 231/2001);
- **crimes committed for purposes of terrorism or designed to subvert democracy** (as per Article 25-*quater*.1 of Legislative Decree 231/2001);
- **practices of female genital mutilation** (as per Article 25-*quater* . 1 of Legislative Decree 231/2001);
- **crimes against individuals** (such as trafficking in persons, imposing and maintaining a condition of slavery, and illicit intermediation of workers ("caporalato"), as per Article 25-*quinquies* of Legislative Decree 231/2001);

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- **crimes concerning market abuse** (such as abuse of insider information and market manipulation as per Article 25-*sexies* of Legislative Decree 231/2001);
- **crimes concerning health and safety in the workplace** (such as manslaughter or serious or grievous bodily harm as per Article 25-*septies* of Legislative Decree 231/2001);
- **crimes relating to the handling of stolen goods, money laundering and using money, assets, or items of value of unlawful origin** (as per Article 25-*octies* of Legislative Decree 231/2001);
- **crimes concerning payment instruments other than cash** (as per Article 25-*octies*.1 of Legislative Decree 231/2001);
- **crimes regarding the infringement of copyright** (as per Article 25-*novies* of Legislative Decree 231/2001);
- **inducement to not make statements or to make false statements before the Judicial Authority** (as per Article 25-*decies* of Legislative Decree 231/2001);
- **environmental crimes** (as per Article 25-*undecies* of Legislative Decree 231/2001);
- **employment of third-country nationals whose stay is illegal** (as per Article 25-*duodecies* of Legislative Decree 231/2001);
- **racism and xenophobia** (as per Article 25-*terdecies* of Legislative Decree 231/2001);
- **fraud in sports competitions** illegal operation of gaming or betting or gambling activities through banned devices (as per Article 25-*quarterdecies* of Legislative Decree 231/2001);
- **tax crimes** (as per Article 25-*undecies* of Legislative Decree 231/2001);
- **smuggling crimes** (as per Article 25-*undecies* of Legislative Decree 231/2001);
- **crimes against cultural heritage**, unlawful trafficking of cultural assets and destruction and looting of cultural heritage and landscape heritage sites (as per Articles 25-*septiesdecies* and 25-*duodevicies* of Legislative Decree 231/2001).

In addition, Law No. 146 of 16 March 2006, though not directly amending Legislative Decree 231/2001, extended the administrative liability of entities to the commission of **transnational crimes**., which include organised crime and crimes relating to the obstruction of justice, when committed at transnational level.

Lastly, under Article 23 of Legislative Decree 231/2001, an administrative penalty is imposed on an entity who has been subject to a precautionary disqualification measure or penalty under the same Decree 231/2001 and when such measure or penalty is not suitably complied with, to the advantage or in the interest of the entity.

A more detailed illustration of the single crimes under Legislative Decree 231/2001 is included in **Annex 1 - List of Crimes**

1.3. Penalty System

In consequence of the commission or attempted commission of the above listed crimes, Articles 9-23 of Legislative Decree 231/2001 provide for the application of the following penalties on entities:

- **pecuniary penalties** (and freezing order in interlocutory proceedings)
- **disqualification penalties** (applicable as interlocutory measures) with a duration of no less than three months and no more than two years (with the specification that,

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pursuant to Article 14, paragraph 1 of Legislative Decree 231/2001, «disqualification penalties concern the specific activity to which the entity's crime refers»), which may consist in

- disqualification from running the business activity;
- suspension or revocation of authorisations, licenses, or concessions that are functional to the commission of the crime;
- prohibition from entering into contracts with the public administration, other than to obtain a public service;
- exclusion from facilitations, contributions, or subsidies and revocation of the facilitations, contributions, or subsidies granted, where any;
- prohibition from advertising goods or services;
- **confiscation** (and freezing order in interlocutory proceedings);
- **publication of the ruling** (in case of application of a disqualification penalty).

A pecuniary penalty is determined by the Court on the grounds of a system based on «percentages» in a number not below one-hundred and not above one-thousand, for a sum ranging between a minimum of € 258.22 and a maximum of € 1549.37. In measuring the pecuniary penalty the Court determines

- the number of “percentages” based on the seriousness of the event, the degree of liability of the entity, and the activity carried out to eliminate or minimise the consequences of the event and to prevent the commission of any additional unlawful acts;
- the amount of each single percentage, based on the Company's financial conditions and assets.

Disqualification penalties are applied with respect only to the administrative unlawful acts to which such disqualification penalties apply, and provided that at least one of the following conditions applies

- the entity obtained a relevant profit from the commission of the crime, and the crime was committed by persons in senior positions or by persons subordinate to the direction of others, and in this case the commission of the crime was determined or facilitated by serious organisational shortcomings;
- the unlawful act occurred repeatedly.

The Court determines the type and duration of the disqualification penalty taking into consideration how suitable each single sanction is for preventing the unlawful acts of the same time as the one committed, and, where applicable, can apply them in tandem (Article 14, paragraphs 1 and 3 of Legislative Decree 231/2001).

Penalties disqualifying an entity from conducting their business activity, prohibitions from entering into contracts with the Public Administration and from advertising goods or services can be applied on a permanent basis in the most serious cases.

In addition, pursuant to and under the conditions provided for in Article 15 of Legislative Decree 231/2001, in place of the imposition of a disqualifying penalty, the Court may order that the business activity of an entity is run by a commissioner.

1.4. Crimes committed in the form of attempt, and crimes committed abroad

In the cases where the crimes punished under Decree 231/2001 are committed in the form of an attempt, the pecuniary penalties (in terms of amount) and the disqualifying penalties (in

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terms of duration) are reduced by a percentage ranging from third to one-half (Articles 12 and 26 of Legislative Decree 231/2001).

Article 26 of Legislative Decree 231/2001 establishes that, if the commission of an act or the coming about of an event are prevented voluntarily, the entity does not incur any liability. In this case, the exclusion from liability and consequent penalties is justified by reason of the severance of the link whereby the entity and the individuals who undertake to act in its name and on its behalf are one and the same.

Under Article 4 of Legislative Decree 231/2001, an entity may be held liable in Italy for crimes - listed in Decree 231/2001 - committed abroad.

The conditions upon which this liability for the entity on account of crimes committed abroad are

- a) the crime must be committed by an individual who is functionally linked to the entity under Article 5, paragraph 1 of Legislative Decree 231/2001;
- b) the entity must have its primary registered office in the territory of the Italian State;
- c) the entity may be held liable only in the cases and under the conditions set out in Articles 7, 8, 9, and 10 of the Criminal Code (where the law establishes that the culprit - a natural person - be punished at the request of the Minister of Justice, action against the entity is taken only if the request is formulated also against the entity itself), and, according to the principle of lawfulness as per Article 2 of Legislative Decree 231/2001, only upon occurrence of the crimes for which a liability is established by an *ad hoc* provision of law;
- d) where the above cases and conditions provided for in the criminal code apply, the State of the location where the fact was committed does not take action against the entity.

1.5. Organisation, Management, and Control Models

A characteristic element of the regulatory framework established by Decree 231/2001 is the exemption consequence afforded to the Organisation, Management, and Control Model adopted by an entity.

Under Article 6, paragraph 1 of Legislative Decree 231/2001, if a crime is committed by a person in a senior position the relative company is not liable if it can be proven that

- the management body adopted and effectively implemented, prior to the commission of the crime, organisation, management, and control models suitable to prevent crimes of the same kind to the one committed;
- the task of overseeing the implementation of, and compliance with, said models and to update them was entrusted to a company-internal body that is vested with independent powers of initiative and control;
- the individuals who committed the crime acted by fraudulently eluding the organisation, management, and control models;
- there was no omitted or insufficient oversight on the part of the supervisory body.

In case of crimes committed by persons in senior positions, there is a presumption of liability upon the entity on account of the fact that said persons in senior positions express and represent the policies and consequently the will of the entity itself.

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In order for an entity to be exempted from liability, it must therefore demonstrate to be extraneous to the actions committed by the persons in senior positions, providing evidence that the above mutually concurrent requirements are in place and demonstrating that the commission of the crime does not arise from the entity's "fault in organisation".

Conversely, in the event of crimes being committed by persons who are subordinate to the management or supervision of a person in a senior position, the entity's administrative liability arises if the commission of the crime was made possible by a violation of the management or supervision obligations upon the person in a senior position.

In this case, the onus of proof is inverted: the prosecution shall have the burden to prove that the entity failed to adopt and effectively implement an organisation, management, and control model suitable to prevent the crimes of the same kind to the one committed.

Article 7, paragraph 4 of Legislative Decree 231/2001 also defines the requirements for an effective implementation of organisational model: (1) periodic checks and, where required, changes to the Model when relevant violations of the provisions of the model are detected, or when there are changes in the entity's organisation and activity; (2) a disciplinary system that is suitable to penalise failures to comply with the measures detailed in the Model.

The organisation, management, and control models adopted pursuant to Legislative Decrees as follows 231/2001 must

- identify the activity within which scope crimes can be committed;
- lay down specific protocols aimed at planning the process by which a company takes and implements decisions regarding the crimes to be prevented;
- identify a method for the management of financial resources that is suitable to prevent the commission of crimes;
- establish the obligation to inform the body tasked with the responsibility of supervising the operation of and compliance with the models;
- introduce a disciplinary system that is suitable to penalise failures to comply with the measures provided in the Model;
- establish channels that enable conveying detailed reports concerning unlawful conducts or violations of the Model or of the Code of Ethics in accordance with and pursuant to Whistleblowing legislation.

1.6. Guidelines for drafting the Organisation, Management, and Control Model

Article 6, paragraph 3 of Legislative Decree 231/2001 establishes that the "organisation and management models may be adopted, ensuring the requirements as per paragraph 2, on the basis of codes of conduct drafted by the associations representing the entity and communicated to the Ministry of Justice, which, in concert with the competent Ministries, may draft, within thirty days, any observations as to said models' suitability to prevent the relevant crimes".

In drafting this Model, Scalapay took guidance from the "Guidelines for drafting the Organisation, Management, and Control Model" approved by Confindustria on 7 March 2002 and last updated in June 2021.

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For the structuring and drafting of the Organisation, Management, and Control Models, the Guidelines recommend to follow the risk assessment and risk management processes that are currently implemented by business undertakings, which can be organised as follows

- identification of the risks pertaining to the crimes that may be committed;
- planning of a prevention control system through the development of an appropriate organisational system, and by establishing the proceduralisation of specific activities;
- adoption of a code of ethics and a system of disciplinary penalties applicable in the event of failures to comply with the measures set out in the Model, for the purpose of ensuring the effectiveness thereof;
- identification of criteria for the selection of an in-house supervisory body vested with the necessary functions, which shall monitor the effectiveness, appropriateness, and application and compliance with the Model under Decree 231/2001 (Supervisory Body).

Some of the components of a preventive control system include

- a) the Code of Ethics;
- b) a clearly-expressed, official internal organisational system;
- c) powers to grant authorisations and signing powers assigned consistently with organisational and management responsibilities;
- d) a regulated process for carrying out activities, which will include the opportune checkpoints (control procedures and documentation for each operation)
- e) procedures, handbooks, and information notices;
- f) control and management systems;
- g) methods of communication and training offered to staff;

Any deviation from specific points of the Guidelines used as reference does not, in and of itself, affect the validity of the Model adopted by an entity.

Each single Model must be drafted with reference to the practical circumstances the entity is called to encounter, and can therefore deviate from the Guidelines (which, by their very nature, provide general guidance) in order to more effectively meet the prevention requirements established in Decree 231/2001.

2. Description of the Company

2.1. The Company, its governance, and internal organisation

Established on 7 January 2019, Scalapay is a single-member, private limited liability company, registered in the company register section as an innovative start-up company. The Company's objects are the development, production, and marketing of innovative, high-tech goods or services, and more specifically, the development of software products and services that give consumers added flexibility for making their payments, whether on-line or at points of sale, for the purpose of increasing sales.

The share capital of Scalapay is € 1,000,000 (one million/00), fully paid-in by Scalapay Ltd, with registered office in Ireland. Said holding and controlling company collects funds from Italian and foreign investors for the development and growth of the Company's business.

As to the Company's governance, Scalapay currently has a Board of Directors formed by two members, and namely Mr. Simone Mancini, founder of the start-up company, who holds the offices of President of the Board of Directors, Chief Executive Officer, and legal representative; he is furthermore vested with authorities and delegated powers for the ordinary and extraordinary management of the Company, without prejudice to the limits set out by law and by the Company's by-laws, for amounts not exceeding € 1,500,000.

As the conditions provided for in Article 2477 of the Civil Code do not apply, Scalapay is not required to have a supervisory body and an independent auditor for the first years of its activity. However, Scalapay's fast-growing business, with an increase in terms assets, profits, and number of resources forecasted for the short term, may require the adoption of a body tasked with management control functions and independent auditing, as established by law and in accordance with the Company's by-laws.

In addition to meetings of the Board of Directors, the Company schedules meetings of a management committee, attended always by the Chief Executive Officer and the Heads of the Divisions that are more directly involved in the strategic management of the Company (these may include the Finances, Accounting, and Budgeting Division and the Legal Division), and the Heads of Departments that may in each instance have competence over the orders of business in the agenda. The committee has an advisory role, and its purpose is to ensure ongoing upgrading and coordination of the Company's activity. The topics discussed, the documents examined, and in general the content of the work are recorded in minutes, tracked, and filed using dedicated tools.

The Company's internal organisation is currently structured in divisions, each being in charge of the various areas of activity of the Company. These divisions report to the Chief Executive Officer and the Board of Directors. The divisions have their own internal organisation, generally including a Head of Division, to whom the other resources report.

The performance of the Company's activities requires a functional coordination with affiliated companies that carry out the same activity and offer the Service in other Countries, primarily in Europe.

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The expansion of Scalapay's activity and consequent growth in terms of profits and size will soon lead the Company to take additional steps in terms of governance and internal organisation.

2.2. Scalapay's Activity

Scalapay is a fintech company which developed a *Buy Now Pay Later* (BNPL) payment solution. More specifically, Scalapay allows Merchants to offer their clients interest-free deferred payments options by splitting payments into instalments to purchase products or services at the Merchants' points of sale or e-commerce platforms. By registering with the Scalapay page, Customers have the option to view a list of Merchants with whom they can use the Service. Customers will also be advised that the Service is available when it's listed in the payment methods offered by the Merchant's e-commerce platform.

Once a purchase is made, a first instalment is paid up-front by the Client, and the following instalments are debited on a monthly basis. Before the payment is debited, clients will be alerted via text and e-mail.

At the same time, Scalapay ensures that the Merchant receives payment for the full amount owed at the time of purchase, so that the latter is not exposed to either fraud or default risks. The Service offered by Scalapay is fully free-of-charge - for Customers who comply with payment due-dates - and is interest-free.

In terms of operations, the activity described above currently goes through the following steps:

- a Merchant decides to use the Service by activating the Scalapay Gateway at its physical points of sale or within its e-commerce platforms;
- the Clients who wish to take advantage of a payment split by instalments register with Scalapay's website, associating a credit, debit, or pre-paid card;
- when making a purchase from the Merchant, the first instalment, and namely 33% of the total amount, is immediately charged to the Client, and the remaining two instalments are charged in the following two months;
- at the time of making the purchase, the Merchant receives immediate payment of the full amount, from either (1) Incremento SPV s.r.l., *special purpose vehicle*, which purchases the full credit from the Merchant and immediately receives the first instalment paid by the Client, with the application of a commission fee; or alternatively from (2) a different financial intermediary authorised to grant credit. Scalapay also receives payment of a consideration;
- in the following months, in line with the scheduled due-dates, Incremento SPV s.r.l. or other intermediary involved, receives the payment of the two remaining instalments charged to the Client.
- the various payment flows detailed above are brokered by an authorised payment services provider (Stripe Technology Europe Ltd. electronic money institution with registered office in Ireland and authorised to trade in Italy, or other authorised provider).

In this context, Scalapay makes it possible to check that the activities assigned to the parties involved are complied with effectively and orderly, through the implementation, management, and development of the Scalapay Gateway and the relative computer components. Scalapay also markets its Service to Customers and business concerns.

2.3. System of Delegated Powers

In compliance with the laws and in accordance with the provisions of the By-laws, Scalapay adopted a system to delegate powers and signing authorities, which constitutes a support system for an effective and efficient management of the Company's operations)**Annex 2 - Delegated Powers Assigned**).

The delegated powers granted are defined by taking into consideration (1) the role held and responsibilities assigned; (2) the scope and complexity of the activities for which powers are delegated; (3) the relative financial commitment of the Company and the risk connected thereto. Powers are delegated in compliance with the law and in accordance with the Company's by-laws.

The system of delegated powers adopted by Scalapay provides suitable segregation of powers and clearly identifies the persons with delegated powers, the authorities assigned and relevant restrictions, and the maximum expenditure limits.

The system also includes mechanisms to control the powers being delegated; in particular, it provides for periodic reports on the activities carried out by the person to whom powers are delegated to the person who delegated the relevant powers, and penalties in the event of violations of the delegated powers.

The delegation of powers is formalised in resolutions of the Board of Directors, and, where required, in specific documents in compliance with the Company's internal regulations.

3. Scalapay's Model and Methodology Adopted

3.1. Adoption of the Model by Scalapay

The Model adopted by Scalapay under Legislative Decree 231/2001 constitutes the mechanism to prevent the commission of the crimes listed in Decree 231/2001. At the same time, the decision to adopt the Model is an act of corporate responsibility towards all the stakeholders (which include, among others, investors, affiliated companies, employed staff, Merchants, Customers, and suppliers), as well as the community in general.

In particular, the adoption and dissemination of the Model are aimed, on one hand, at making potential perpetrators of crimes aware that the commission of a specific unlawful act is firmly condemned by the Company and contrary to the Company's interests; on the other hand, thanks to constant monitoring, the adoption and dissemination of the Model allow to prevent unlawful acts and take prompt action to avert the commission of a crime or realisation of an unlawful event.

Scalapay therefore adopted the Model so as to comply with best practice standards, and with the provisions of law including in terms of case-law and legal doctrine applicable.

Scalapay entrusted all the tasks and activities relative to the drafting of the Model to external advisers, who worked in close consultation with the Company.

3.2. The Functions and Objectives of the Model

In order to achieve the purpose of preventing crimes and successfully exempt the Company from liability, the Model is called to

- a) identify the activities carried out by the Company's units that may entail a risk of commission of the crimes listed in Decree 231/2001;
- b) analyse potential risks in light of the possible manners in which crimes can be committed with respect to the internal and external context in which the Company operates;
- c) assess the system of preventive checks currently in place and adjust it to ensure that the risk of commission of crimes is reduced to an "acceptable level";
- d) establish a system of rules to lay down general conduct guidelines, and specific organisational procedures aimed at regulating activities in "sensitive" areas;
- e) ensure a system of authorisation and signing powers that ensures a punctual and transparent representation of the decision-making and implementation process;
- f) adopt a control system whereby the existence and the arising of general and/or specific critical situations can be reported without delay;
- g) ensure proper communication and training to members of staff so that Recipients may be aware of the risks connected to the administrative liability of entities and of the mechanisms adopted to such end by the Company;
- h) establish a Supervisory Body with specific competences for controls on the effectiveness, appropriateness, and updating of the Model

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- i) lay down a penalty system applicable to violations of the provisions of the Code of Ethics and the procedures adopted by the Company and the single companies, and the protocols set out in the Model.

Consequently, the adoption of the Model allows the Company, in broad and general terms, to improve its internal controls system, going well beyond the exemption-affording function established under Decree 231/2001.

3.3. Methodology for the Drafting of the Model

The methodology that was selected for the adoption and updating of the Model, in terms of organisation, definition of operating methods, and structuring into stages, was drafted according to a configuration in line with best practice standards for the area, and taking into consideration, in particular, the Guidelines issued by Confindustria, and the «*Consolidated principles for drafting organisational models, activities of the supervisory body and audit perspectives of Legislative Decree No. 231 of 8 June 2001*» issued in February 2019 by the National Council of Chartered Accountants and Independent Auditors (*Consiglio Nazionale dei Dottori Commercialisti e Revisori Contabili*) (in coordination with the Italian Banking Association, the National Lawyers' Council (*Consiglio Nazionale Forense*), and Confindustria (hereinafter, the principles shall be referred to as "CNDCEC Principles").

The project to update the Model was structured in the following phases:

Phase 1 - Risk Assessment

- collection and analysis of relevant documentation;
- identification of Key Officers to interview - where said Key Officers are intended as the persons who carry out key roles within the Company on account of their functions and responsibilities - and possible risks in their respective areas of competence;
- interviews with the Key Officers identified in the previous step;
- identification of sensitive activities and relevant assessment in terms of the possible risk of commission of the crimes under Legislative Decree 231/2001, and preparation of the risk assessment document.

The assessment of the level of exposure of the risk of commission of crimes ("total risk of the activity") was performed in accordance with the table below, considering both the

- **impact of the activity:** assessment of the frequency and/or economic importance of the activity for the Company;
- **abstract risk of a crime:** assessment of the abstract possibility of unlawful conducts committed in the interest or the advantage of the Company.

Assessment of total activity risk			
impact of activity			
low	medium	low	low
medium	medium	medium	low
high	high	high	medium
	high	medium	low
abstract risk of crime			

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The residual risk of commission of crimes was assessed in line with the table below, considering the total risk of the activity and the level of controls currently in place ("level of measures adopted").

Assessment of residual activity risk			
total risk			
low	low	low	low
medium	low	medium	high
high	medium	high	high
	high	medium	low
	level of measures adopted		

Phase 2 - Gap Analysis/Definition of Control Protocols

- analysis of the sensitive activities identified and of the control environment in line with a "forward-thinking" model, or, in other words, compliant with the provisions of Legislative Decree 231/2001;
- preparation of the Gap Analysis (outline of the gaps between the control protocols currently in place and a forward-thinking model; identification of the proposals for adjustments and improvement actions).

The Gap Analysis document, which may be presented as part of the Risk Assessment document, is aimed at detecting and identifying the control standards that are required to enable the Company to implement an organisation that is aimed at inhibiting the commission of crimes. Specifically, in line with an approach that is proportionate and suitable to the size, complexity, and current situation of the Company, the mechanisms or controls which are more useful or urgently needed can be recognised, following the adoption of the Model and as supplement to the mechanisms therein laid down.

The control standards are based on the following general principles, which must be complied with within the scope of every sensitive activity identified:

- **process definition and segregation of duties:** identification of the tasks carried out by the various functions, and partition of the same between those who materially perform, authorise, and exercise control over said tasks, so that no single individual can complete one entire process alone. Such segregation is ensured by making it so that the same sensitive process is handled by more than one person, for the purpose of ensuring the independence and objectivity of activities;
- **existence of consolidated operating procedures and practice:** existence of operating procedures and practice suitable to point to conducts and operating methods to perform sensitive activities;
- **ex post facto traceability and verifiability of activities through suitable documentary or computer evidence:** identification of mechanisms that allow for *ex post facto* verification of the process of decision-making, authorisation, and performance of a sensitive activity, through the filing of relevant documentation;
- **powers and responsibilities:** reference to the system of delegated powers adopted, which lays down the organisational responsibilities assigned within the scope of the Company's organisation: formalisation of signing and representation powers in line with

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the organisational and management responsibilities assigned, and clearly defined and known within the Company.

Phase 3 - Drafting of the Model and following activities

On conclusion of the analyses, the Model is drafted, divided into a General Part and a Special Part, which also includes a number of specific protocols aimed at regulating the performance of certain activities exposed to risk.

After the first draft of the Model is complete, the document is shared, where appropriate, with the competent functions or with the functions that are more closely involved in the drafting activity, and with the Supervisory Body. Lastly, the Model is submitted to the Board of Directors for approval.

The same project phases, where applicable, are implemented for any future updates of the Model.

3.4. The Organisation, Management, and Control Models adopted by Scalapay

In compliance with Article 6, paragraph 2 of Legislative Decree 231/2001, and in light with the foregoing, Scalapay prepared a Model that takes into consideration the specific activities it carries out, the organisational systems it adopted, and the Company's governance system, strengthening the system of controls already in place.

This Model represents therefore a consistent set of principles, procedures, and provisions, which (1) affect the internal operation of the Company and the manners in which the Company handles outside relations, and (2) govern the diligent management of the system to monitor sensitive activities, aimed at preventing, or anyway minimise the risk of commission of the crimes listed in Legislative Decree 231/2001.

The Model includes the following elements:

- in the General Part, a description concerning (1) the legal framework of reference; (2) the activities, organisational structure, and governance system of the Company; (3) the methodology adopted for the risk assessment and gap analysis activities and for drafting the Model; (4) selection and appointment of a Supervisory Body, with specification of the relative powers and duties; (5) establishment of one or more channels to report actions, conducts, or events which may lead to a violation of the Model or, more generally, which may be relevant for the purposes of Legislative Decree 231/2001; (6) adoption of a disciplinary system and relative penalty mechanisms; (7) training and information plan to be adopted so as to ensure knowledge of the measures and provisions contained in the Model; (8) criteria to update and adjust the Model;
- in the Special Part, (1) list of the macro-areas of activity identified based on interviews with Key Officers and on the preparation of risk assessments; (2) list of the main sensitive activities in which the Company engages, within the scope of the macro-areas of reference; (3) identification of predicate crimes which, based on the risk assessment conducted by the Company, can be conceived to be committed in the abstract; (4) list of some of the principles of conduct aimed at minimising the risk of crimes; (5) identification of control principles to govern the main sensitive activities, structured into specific protocols.

3.5. Identification of Sensitive Activities and Relevant Crimes

Following the risk assessment activities conducted, the Company identified the sensitive areas, listed and described in the Special Part of this Model.

In consideration of the sensitive activities identified, the Company has, in the abstract, risk profiles pertaining to the majority of the crimes provided for in Decree 231/2001, though in various degrees and not with respect to all the specific crimes illustrated in the single articles of Legislative Decree 231/2001.

In further detail, Scalapay is exposed to risks with respect to the following crimes:

- crimes committed in dealings with the Public Administration (under Articles 24 and 25 of Legislative Decree. 231/2001);
- cybercrimes and unlawful processing of data (under Article 24-*bis* of Legislative Decree 231/2001);
- organised crime (under Article 24-*ter* of Legislative Decree 231/2001);
- crimes against industry and commerce (under Article 25-*bis.1* of Legislative Decree 231/2001);
- corporate crimes (under Article 25-*ter* of Legislative Decree 231/2001);
- crimes against individuals (under Article 25-*quinqüies* of Legislative Decree 231/2001);
- crimes committed in violation of regulations on the protection of health and safety in the workplace (under Article 25-*septies* of Legislative Decree 231/2001);
- crimes relating to the handling of stolen goods, money laundering and using money, assets, or items of value of unlawful origin (under Article 25-*octies* of Legislative Decree 231/2001);
- crimes concerning payment instruments other than cash (under Article 25-*octies.1* of Legislative Decree 231/2001);
- crimes regarding the infringement of copyright (under Article 25-*novies* of Legislative Decree 231/2001);
- inducement to not make statements or to make false statements before the Judicial Authority (under Article 25-*decies* of Legislative Decree 231/2001);
- environmental crimes (under Article 25-*undecies* of Legislative Decree 231/2001);
- employment of third-party nationals whose stay is illegal (under Article 25-*duodecies* of Legislative Decree 231/2001); tax crimes (under Article 25-*ter* of Legislative Decree 231/2001);
- transnational crimes (under Article 10 of Law No. 146 of 16 March 2006).

In addition, there is the risk of non-compliance with the disqualifying penalties provided for in Legislative Decree 231/2001 (under Article 23 of Legislative Decree 231/2001).

As to the additional crimes listed in Decree 231/2001, and not addressed in the Special Part (crimes committed for purposes of terrorism or designed to subvert democracy under Article 25-*quater* of Legislative Decree 231/2001; environmental crimes under Article 25-*undecies* of Legislative Decree 231/2001; racism and xenophobia under Article 25-*terdecies* of Legislative Decree 231/2001; crimes of fraud in sports competitions under Article 25-*quaterdecies* of Legislative Decree 231/2001; smuggling crimes under Article 25-*sexiesdecies* of Legislative Decree 231/2001; crimes against cultural heritage under Articles 25-*septiesdecies* and 25-*duodevicies* of Legislative Decree 231/2001) the principles and indications contained in the Code of Ethics, in addition to the measures listed in the Special Part, where applicable, are deemed sufficient.

Lastly, the Company does not appear to be exposed to the risk of a number of crimes, as they lie outside the scope of its activities. These include practices of female genital mutilation, under

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Article 25-*quater* of Legislative Decree 231/2001, and crimes concerning market abuse under Article 25-*sexies* of Legislative Decree 231/2001.

3.6. Recipients

The provisions of this Model are aimed at anyone who works towards the attainment of the purpose and objects of the Company, including (1) the managers of the Company and the members of the Company's governing bodies; (2) any person who holds a top-management office (meaning any person who, even just *de facto*, has any position by which they represent, manage, or control the Company); (3) the employees and external associates of the Company, in any capacity (including workers under permanent, fixed-term, or part-time contracts, workers from temp agencies, interns, and employees seconded abroad), who are under the management or supervision of the Company's senior management; (4) external suppliers and advisers, where applicable.

3.7. Code of Ethics

The rules and principles contained in this Model are consistent with those established in Scalapay's Code of Ethics.

The Code of Ethics expresses the values that guide Scalapay's activity, which are thus shared with the people who work or collaborate with Scalapay, and with Merchants, Customers, and stakeholders in general.

By adopting the Code of Ethics, the Company is thus enabled to set the ethical principles that must be observed by all the persons who take part in Scalapay's activity, so that it can be carried out in such a way as to be orderly, respectful of the law, efficient, constructive, and rewarding; the Code of Ethics furthermore lays down the rules of conduct that must be complied with in specific situations and in dealings with individuals inside and outside of the Company.

The Code of Ethics is an integral part of the Organisation, Management, and Control Model adopted by Scalapay under Legislative Decree No. 231 of 8 June 2001, as it promotes conducts that are appropriate and respectful of the law, suitable to prevent the commission of crimes within the Company. In addition, the Code of Ethics provides a preceptive and complimentary function with respect to any matters that are not contemplated in the Model.

The Code of Ethics is shared with made available to all the Recipients.

4. Supervisory Body

4.1. Composition and Appointment

In addition to an effective and efficient Model for the prevention of crimes, for the purpose of being exonerated from any liability arising from the commission of crimes on the part of qualified subjects under Article 5 of Legislative Decree 231/2001, an entity is called to entrust the task of overseeing the operation and compliance with the Model, and to see to the updating thereof, to a body vested with powers of initiative and control in accordance with Article 6, paragraph 1, letter *b* of Legislative Decree 231/2001.

As established in the Guidelines issued by Confindustria and in the CNDCEC Principles, the main requirements of the Supervisory Body may be identified as follows:

- **autonomy and independence:** the Supervisory Body as a staff unit ranks at the top of the Company's hierarchy, reporting directly to the top-management body; it has no decision-making or operating powers with respect to the Company's activity;
- **professionalism:** the members of the Supervisory Body must, as a unit, have specific competences in the legal and financial fields, and in the field of analysis and risk-assessment techniques.
- **on-going action:** the Supervisory Body's on-going action is aimed at ensuring oversight over the effective, efficient, and constant implementation of the Model adopted by the Company under the provisions of Legislative Decree 231/2001.

Decree 231/2001 provides no specific indications as to the composition of the Supervisory Body. The Supervisory Body can be set up as a board with three members, of which some external to the Company, or it can be constituted by one single member who is external to the Company. The choice between a board or a single-member Supervisory Body must take into account the purposes set out by Decree 231/2001, and therefore ensure the effectiveness of controls. The composition of the Supervisory Body must therefore be adjusted based on the size, type of activity, and complexity of the entity's organisation.

The Supervisory Body is appointed by the Board of Directors, with the opinion of the Board of Auditors (where one is appointed), through a resolution of the Board of Directors.

The remuneration due to the members of the Supervisory Body is established by the Board of Directors. The Board of Directors furthermore assigns an annual budget to the Supervisory Body so that the latter can carry out its duties and bring the relative activities to completion. Where the budget assigned should reveal insufficient for the activities that need to be carried out, the Supervisory Body has the right to request additional resources from the Company.

The budget allows the Supervisory Body to operate independently and autonomously and with the opportune tools to effectively complete the task assigned under the Model, in line with the provisions of Legislative Decree 231/2001.

The Supervisory Body of the Company has a term of office of three years from its appointment, and can be re-elected. The Supervisory Body's term of office terminates upon expiry of the period set at the time of its appointment, but will continue to carry out its tasks *ad interim* until

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new appointment of a new Supervisory Body. If the Supervisory Body should cease to be in office over the course of its assigned term, the Board of Directors sees to its replacement by resolution.

The resignation by a member of the Supervisory Body has immediate effect.

4.2. Ineligibility, Suspension, and Revocation of Appointment

The following cannot be appointed as members of the Supervisory Body, or shall be immediately terminated if already appointed:

- a) family members within the II degree, or spouse (or cohabitant or partner considered by national law equivalent to a spouse) of members of the Company's top-management body or of other persons in senior positions;
- b) individuals who have a conflict of interest, including potential, with the Company such as to compromise the independence required by the role and the specific duties of the Supervisory Body;
- c) individuals who perform administrative functions with delegated or executive powers within the Company;
- d) individuals who are in the legal status as prohibited, disqualified, bankrupt, or sentenced to a penalty involving the prohibition, including temporary, from holding public offices, or the inability to perform executive roles;
- e) individuals who are subject to personal preventive measures ordered by judicial authorities, without prejudice to the effects of rehabilitation;
- f) individuals who have been convicted, with a final and irrevocable judgement, without prejudice to the effects of rehabilitation, (1) for the commission of one of the crimes listed in Decree 231/2001; (2) to imprisonment for one of the offences listed under Title XI, Book V of the Civil Code or for one of the offences provided for under bankruptcy law; (3) to imprisonment for a term of two years or more for any crime committed with intent;
- g) individuals who have been found guilty of criminal offences or given similar penalties in foreign States for offences similar to the ones listed above.

For the purpose of the application of the provisions of this paragraph, the term conviction shall also include any conviction passed under Article 444 of the Code of Criminal Procedure, without prejudice to the effects of the judicial declaration upon extinction of the crime under Article 445, second paragraph, of the Code of Criminal Procedure.

The members of the Supervisory Body shall be suspended from office when they are (1) convicted, on a non-final basis, for the crimes listed under letter g) among the grounds for ineligibility and termination; (2) subject, on a provisional basis, to one of the measures laid down under Article 10, paragraph 3, of Law No. 575 of 31 May 1965, as replaced by Article 3 of Law No. 55 of 19 March 1990, as amended and supplemented.

The assignment as member of the Supervisory Body shall be revoked when the following apply (by way of example and not limitation):

- a) significant breach of the obligations relating to the assignment conferred, with respect to the duties listed in the Model;
- b) breach of confidentiality obligations.
- c) serious breach the obligations under the Regulation of the SB, if one has been adopted;

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- d) repeated non-attendance of the meetings of the Supervisory Body, including when non-consecutive, without a justified reason;
- e) occurrence of circumstances such as to seriously and with good reason harm the independence or autonomy of the opinion of the member;
- f) irrevocable sentence of conviction of the Company for offences under Decree 231/2001, or a sentence with penalty applied upon request of the parties having the force of *res judicata*, where official records show that there was "omitted or insufficient supervision" on the part of the SB, as laid down under Article 6, paragraph 1, letter d, Legislative Decree 231/2001;
- g) irrevocable sentence of conviction, without prejudice to the effects of rehabilitation, or final sentence with penalty applied upon request of the parties, without prejudice to the extinction of the crime, passed against one of the members of the SB for having committed one of the crimes laid down under Legislative Decree 231/2001;

Should one of the above causes for revocation apply, the management body shall make all opportune checks, hear the concerned member and the other members of the SB, and, after hearing the opinion of the Board of Auditors (where one is appointed), it shall adopt, by the absolute majority of its members, the measures it shall deem most opportune until the termination, suspension, or revocation of the member's term of office is declared official.

If the SB is also formed by employees the Company, the dismissal of the employee member of the SB, for the entire duration of the assignment and for six months following the termination thereof, and the resignation of said member, may only be for just cause or justified reason under the law, and the Company shall, in the last two cases, adequately state the causes or reasons thereof. In case of termination - for any and whatsoever cause - of the internal member of the Supervisory Body's employment, this shall also cause the termination from their appointment as members of the Supervisory Body, unless otherwise resolved upon by the management body.

4.3. Functions and powers of the Supervisory Body

It being understood that the Board of Directors - which remains finally accountable for the operation and effectiveness of the Model - is called to oversee the adequacy of the work of the Supervisory Body, no other function or structures of the Company can express an opinion on the activities carried out by the Supervisory Body.

To carry out its activities, the Supervisory Body may adopt an internal regulation in which it lays down the operating procedures it will use to perform its duties.

The Supervisory Body has the necessary powers of initiative and control to ensure effective oversight over the operation of and compliance with the Model as laid down in Article 6 of Legislative Decree 231/2001. Specifically, the Supervisory Body continuously verifies

- the operation of the Model and the Recipients' compliance with the relative provisions;
- the real effectiveness and suitability of the Company's Model in preventing the commission of crimes and unlawful acts;
- whether it may be opportune to update the Model, if the need to adjust it should arise in connection to any changes in the condition of the Entity or new statutory regulations.

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To this end, the Supervisory Body may conduct inspection and control audits, access the records and documents of the Company, including confidential, request information or data, examine procedures, accounting data, and any other data or information it may deem useful.

The Supervisory Body may use the support of the Company's functions to conduct its activities. The SB may also use the assistance of external advisers with suitable expertise in the matters concerned, to conduct checks and in-depth analyses.

In order to ensure an effective control over the operation of and compliance with the Model, the Supervisory Body

- activates an audit plan aimed at confirming that the Model is actually implemented by all the Recipients;
- continually verifies as to whether there is a need to update the map of sensitive activities and the Model in the event of significant changes to the organisation of the Company or where the definition of the crimes under Legislative Decree 231/2001 should be broadened or extended;
- conducts inspections and audits in respect of specific operations or specific acts carried out within the scope of the Company's activity, which may present possible relevant risks;
- promotes and monitors information and training activities aimed at increasing the Recipients' knowledge, understanding, and awareness of the Model;
- receives, examines, processes, and stores the relevant information received (including any reports) relating to compliance with the Model or other relevant circumstances;
- coordinates and consults with the auditing body (if one is appointed) and with the Company's operating functions to improve its monitoring of areas at risk;
- conducts internal investigations to ascertain alleged violations of the provisions of the Model;
- reports the violations of the rules contained in the Model or any shortcomings detected when conducting checks, so that the necessary actions for adjustment may be taken, involving the Board of Directors where needed;
- detects any possible deviations from the prescribed rules of conduct applicable to the heads of the various functions as may emerge from analysing information flows and reports;
- oversees the consistent application of the penalties laid down in the disciplinary system in the event of violation of the Model, notwithstanding the scope of competence of the body assigned to apply disciplinary actions.

The Supervisory Body may use the services of a resource, whether internal or external to the Company, to draft the minutes of the meetings of the Supervisory Body, preparing meetings and the relative documentation, and any other task concerning the organisation of the Supervisory Body's activity.

4.4. Supervisory Body Reports

The Supervisory Body reports to the Board of Directors with respect to the effectiveness of and compliance with the Model, the arising of shortcomings, and the need for corrective actions. To this end, the Supervisory Body prepares

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- once a year, an information report to the Board of Directors of the Company, to illustrate the Supervisory Body's activities. More specifically, the report will include (1) the checks and audits conducted and the relative outcomes; (2) the progress of any projects started or actions resolved upon to improve the measures adopted or review sensitive processes; (3) new legislation or changes to the organisation that entailed or will require updates to the Model; (4) any disciplinary penalties imposed by the competent bodies on account of violations of the Model; (5) any additional information as may be deemed significant; (6) summary assessment on the suitability of the Model with respect to the provisions of Legislative Decree 231/2001;
- where any violations of the Model are detected, accompanied by an alleged commission of crimes, an immediate communication to the Board of Directors of the Company;
- any other information as may be useful to ensure the proper implementation of the Model and to report any other actions as may be necessary to ensure a more appropriate system of controls;

The Supervisory Body sees to the proper filing of the reports and information notices it prepares.

4.5. Information Flows to the Supervisory Body

The Supervisory Body must be kept informed, by anyone who is held to comply with the Model, on any events which may lead to the Company's liability under Decree 231/2001.

The Special Part details the information flows due with respect to certain areas of activity. If deemed opportune, the Supervisory Body oversees the Company's drafting of a detailed procedure relating to information flows (whether periodic or occasional).

In general terms, the Supervisory Body receives the following information flows from the various business divisions:

- information identified in this Model, and particularly in the Special Part, and any other information identified or requested by the SB;
- relevant changes taken place with respect to the internal structure or organisation of the Company, changes in the areas of activity, and any changes relative to the system of delegated powers;
- information and audits carried out, which are useful to the performance of the Supervisory Body's tasks in terms of supervision over the compliance with, effectiveness of, and updates to this Model, and from which may emerge any facts, events, actions, or omissions that present critical factors in terms of compliance with the provisions of Decree 231/2001;
- orders and communications issued by law enforcement bodies, or any other authority, without prejudice, in any case, to the secrecy obligations imposed by the law, which may indicate that investigations are under way - including when such investigations are against persons unknown - for the crimes under Legislative Decree 231/2001, when such investigations concern the Company or its staff or bodies of the entity;
- requests for legal assistance submitted by directors or members of staff in the event of legal proceedings against them and in connection to the crimes under Legislative Decree 231/2001, or in connection to the laws and regulations on the protection of health and safety in the workplace;

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- news concerning the effective implementation of the Model, with evidence of the disciplinary actions taken and any penalties imposed, or evidence of the decision to close the relative case, with the relative reasons;
- periodic reports on health and safety in the workplace and environmental matters;
- any information, document, or event which is relevant in terms of risks concerning the administrative liability of entities, and which may be useful for the Supervisory Body's control activity.

The information, reports, and any other document which may be useful are provided to the Supervisory Body via e-mail to ***odv231.scalapay@scalapay.com*** or are handed in over the course of the Supervisory Body's meetings.

Any useful information may also be collected directly by the SB over the course of its periodic audits or control activities, with the methods that shall be deemed most opportune and effective.

The Supervisory Body adopts the necessary organisational structures and instruments to ensure that all information and reports, and all the documents received are filed in an orderly manner, ensuring an adequate degree of confidentiality.

The Supervisory Body assesses the information and reports received, carries out any further reviews, and submits to the Board of Directors its recommendations as to the actions that should be taken, and where applicable hears from and consults with the person who provided the information or the head of the function concerned.

4.6. Reporting on Violations (Whistleblowing)

Article 6, paragraph 2--*bis* of Legislative Decree 231/2001 requires the Models to include one or more channels through which persons in senior management positions, employees, or associates may send detailed and precise reports of unlawful conducts or violations of the Model, of which they have learned by virtue of the functions they carry out. Such channels must ensure the confidentiality of the reporting party's identity. This provision also requires the adoption of at least one alternative reporting channel, suitable to guarantee the confidentiality of the reporting party's identity.

Article 6, paragraph 2--*bis* of Legislative Decree 231/2001 prohibits any acts of retaliation or discrimination, whether direct or indirect, against the reporting party on grounds even indirectly connected to the report.

The Disciplinary System adopted by the Company lays down penalties against the persons who violate the measures of protection of the reporting party. Likewise, the System provides for penalties to anyone who, whether with intent or through gross negligence, make any reports that prove to be unfounded.

These regulations on reports are aimed at fostering the collaboration of the Recipients of the Model in detecting possible violations, unlawful acts, or other risks that may damage clients, colleagues, or the very integrity and reputation of the Company, through the introduction of specific protections for the reporting party.

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The reporting party must provide all the elements that are useful to enable the SB to proceed with due and appropriate checks to verify whether or not the events described in the report are grounded in fact.

To this end, the Report should preferably, and as far as possible, contain the following elements:

- personal details of the person who makes the report, including their position or function within the Company;
- a clear and complete description of the facts described in the report (time and place, persons responsible for the events or actions, other persons involved, useful information on the above);
- indication of any other parties who may report on the events and actions described in the report;
- indication of any documents that may substantiate said actions and events;
- any other information that may provide evidence as to the existence of the actions and events reported.

Reports may be sent anonymously. In case of anonymous reports, the SB reserves the right to assess whether or not said reports should be taken into consideration based on the seriousness of the facts reported and on the level of detail and precision of the content of the report.

Scalapay has adopted a suitable reporting system for violations including any unlawful conduct that is relevant for the purposes of the administrative liability of entities, or violations of the Model under Article 6, paragraph 2--*bis* of Legislative Decree 231/2001. Reports may be transmitted

- via regular post, to the registered office address of the Company, at via Mazzini, 9 -20123 Milan (Italy), to the attention of the Supervisory Body, adding the «strictly confidential» wording to the outside of the envelope.
- via e-mail to ***whistleblowing.scalapay@scalapay.com***. The above e-mail address was created specifically for this purpose, and can be accessed exclusively by the members of the Supervisory Body. This channel ensures a high level of computer security, such as to prevent any external intrusion, and it features the mechanisms necessary to ensure the confidentiality of the identity of the reporting party.

Once the Supervisory Body receives a report of a violation, it launches a process to properly assess and manage the report. More in detail, the Supervisory Body

- a) ensures that the management of the report and every piece of information therein contained is handled with the highest degree of confidentiality, without prejudice to any obligation of law and to the protection of the rights of the Company or of the persons who are accused erroneously and/or in bad faith.
- b) examines the content of the report, verifies its relevance with respect to the provisions of Article 6, paragraph 2--*bis* of Legislative Decree 231/2001, and conducts a first assessment on the relative content;
- c) subsequently, it will decide as to whether the report should be dismissed as clearly unfounded, irrelevant, or immaterial to any matters under the competence of the Supervisory Body, evaluating, where applicable, whether or not the bodies of the Company and any other concerned functions should be informed;

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- d) if the report is not immediately dismissed, it will launch further reviews, investigations, or inspections to collect additional information on the report, the relative causes, and the relevant aspects thereof, and to define any possible corrective action. To this end - without prejudice to any necessary assessments in terms of respect for privacy and opportunity factors - the Supervisory Body may use the support of other functions within the Company or external advisers;
- e) once the further reviews and inspections are completed, the SB may (1) close the report's case file (e.g., because unfounded, not suitably justified, or irrelevant); (2) inform the Company's bodies or competent structures; (3) recommend the application of penalties and the adoption of corrective measures or improvements.

Where possible, and without prejudice to an evaluation with regards to whether or not it would be opportune, the reporting party is informed on the progress of the assessment process.

As to the person whose actions are reported, they are informed on the starting and outcome of checks on their conduct only where a need emerges to adopt specific measures against them, and always in compliance with the Disciplinary System and the provisions laid down in their employment agreement.

The reports received, the further reviews and audits conducted, the assessments and conclusions reached, and any recommendations formulated must be recorded in minutes, illustrated in reports, and filed by the Supervisory Body.

The Supervisory Body reports to the Board of Directors once a year with regard to the reports received.

5. Disciplinary System

5.1. Foreword

Article 6, paragraph 2, letter *e*, and Article 7, paragraph 4, letter *b* of Legislative Decree 231/2001 establish that organisation, management, and control models are deemed effective if they provide for a disciplinary system that is suitable to penalise any breaches to the preventive measures and mechanisms laid down. Therefore, a suitable disciplinary measure system is an essential requirements of the model and necessary for the Model to provide exemption in regard of administrative liability of entities.

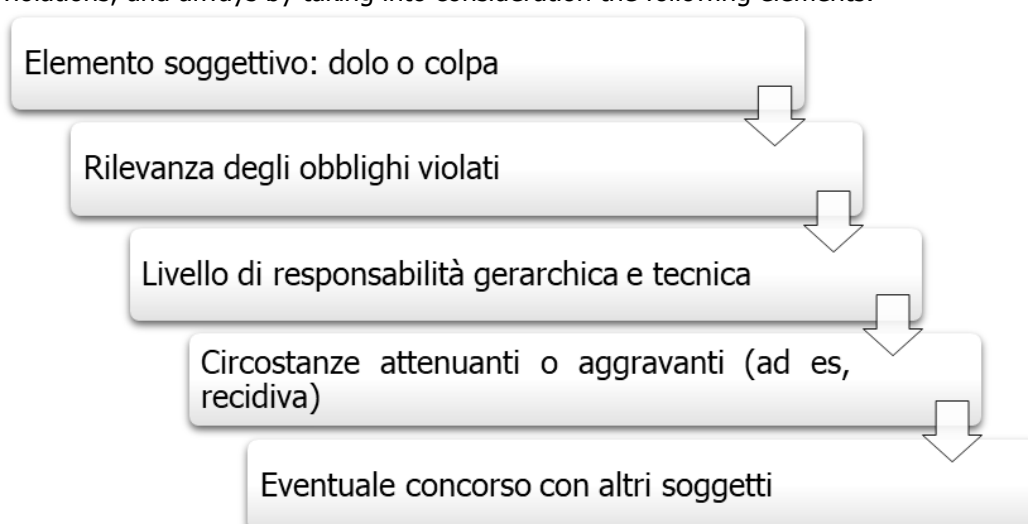
Such disciplinary system must be aimed at both members of staff as well as any third parties who operate on behalf of the Company, and provide for disciplinary penalties for the former and contractual remedies for the latter (e.g., termination of contract or removal from the list of suppliers).

As to employed staff, the disciplinary system must comply with the limits connected to the power to impose penalties as per Article 7 of Law No. 300 of 20 May 1970 (known as "Workers Statute"), and as per the National Collective Bargaining Agreement applicable to the sector in which the Company operates (NCBA for the Trade Sector) in terms of penalties which can be imposed and in terms of forms in which the power to impose penalties is exercised.

At any rate, the application of disciplinary penalties is irrespective of any starting or outcomes of criminal proceedings, as the Model is by itself binding upon the Recipients, and the violation thereof must, for the purpose of complying with the provisions of Legislative Decree 231/2001, be penalised irrespective as to whether a crime is committed or whether it is subject to any criminal penalties.

5.2. General Criteria for the Imposition of Penalties

In the event of patent non-compliance with the Model adopted by Scalapay, the penalties shall be imposed in accordance with a criterion of proportionality based on the seriousness of violations, and always by taking into consideration the following elements:



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Without prejudice to the provisions of the NCBA for the Trade Sector, the provisions of Article 7 of the Workers' Statute shall apply. The right to impose disciplinary measures or to exercise contractual remedies can be exercised in compliance with the system of delegated powers in place.

Where a single act entails more than one violation, punished under different disciplinary measures, the most serious measure shall be imposed.

The application of disciplinary measures, being independent of the institution of criminal proceedings or the outcomes of the ensuing trial, shall be, as far as possible, guided by principle of swiftness.

The Disciplinary System applies to employed workers, whether executives or not, to associates, and the Directors of the Company.

5.3. Measures Applicable to Non-Executive Employed Workers

The disciplinary system applied by the Company to non-executive employed workers is in line with the NCBA for the Trade Sector.

The workers' violation of any single provisions and rules of conduct under the Model constitutes a disciplinary offence.

By way of example, the following conducts constitute disciplinary offences:

- conducts which, either directly or indirectly, entail the commission of the crimes listed under Legislative Decree 231/2001;
- failure to comply with the provisions contained in the Model and/or the Code of Ethics;
- failure to take part, without a justified reason, in the training sessions on Legislative Decree 231/2001, on the Model, and on the Code of Ethics;
- failure to document, or insufficient documentation for, the activities carried out, so that the traceability and verifiability of such activities are obstructed or in any case hindered;
- violation or circumvention of the control systems and mechanisms adopted by the Company, by removing, destroying, or altering the supporting documentation;
- performance of activities aimed at preventing the parties appointed and the SB to check or access the requested information;
- non-observance of the provisions concerning signing powers and the system of delegated powers;
- serious breach of the obligations to inform the SB;
- conducts that entail the violation of the measures set to protect the reporting party as per paragraph 4.6 of the General Part of the Model;
- conducts that entail, through wilful intent or gross negligence, the submission of the reports under paragraph 4.6 of the General Part of the Model, meaning reports which, when put to the test, prove to be unfounded.

In consideration of the seriousness thereof, and taking into account whether or they are repeated, the violations of the provisions contained in the Model and in the Code of Ethics on the part of Recipients to whom the NCBA for the Trade Sector is applied may be published through the imposition of the various penalties therein provided.

Specifically, for a confirmed violation of the Model, non-executive employed workers may be subject to the following, mandatory penalties:

- **verbal warning:** disciplinary measure applicable to cases of minor shortcomings and non-compliances with the Model or the Code of Ethics

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- **written warning:** disciplinary measure applicable to shortcomings or non-compliances that are more serious to those that require a verbal warning, or to repeated minor shortcomings or minor non-compliances subject to verbal warning;
- **fine not exceeding four hours of basic salary :** disciplinary measure applicable to (1) cases of repeated commission of the violations subject to written warning, or (2) to shortcomings or non-compliances that are more serious to the ones subject to written warning;
- **suspension from work duties and remuneration for a period not exceeding 10 days of actual work:** disciplinary measure applicable in cases of serious violations of the provisions of the Model or the Code of Ethics, or in cases of repeated violations subject to the application of the fine. The suspension of work duties and remuneration may be imposed for up to 10 days;
- **individual dismissal:** the disciplinary measure of individual dismissal can be imposed with or without notice. The disciplinary measure of individual dismissal with notice applies in cases of particularly serious violations, or in cases of repeated commission of violations subject to the suspension of work duties and remuneration. The disciplinary measure of individual dismissal without notice may be imposed in case of violations that are so serious as to irreparably harm the relationship of trust that workers have with the Company, thus preventing the employment relationship to continue, including on provisional terms (e.g., commission of one of the offences triggering the liability of entities).

Over the course of the disciplinary process, where circumstances require it, protective interim measures may also be imposed (e.g., suspension).

In compliance with Article 7 of Law No. 300 of 20 May 1970, and with the provisions of the NCBA for the Trade Sector, the regulations pertaining to disciplinary measures are made known to workers through the display thereof in places accessible to everyone.

The ascertainment of the above violations, as may be reported by the Supervisory Body, the management of disciplinary processes, and the imposition of penalties are within the sphere of competence of the Board of Directors and the Chief Executive Officer, in coordination with the Head of Human Resources and the Supervisory Body.

5.4. Measures Applicable to Executives

For the purposes of this Disciplinary System, executive workers are those who, within the organisation of Scalapay, hold positions of representation, administration, or leadership (including on a *de facto* basis), and who, therefore, are called to constantly monitor the Model's compliance on the part of resources whose positions are subordinate to their own.

Executives are subject to the following penalties, which are imposed in compliance with the general principles listed in paragraph 5.2.:

- **written warning:** measure imposed (1) in cases of violations which, for non-executive workers, entail the application of verbal or written warnings; (2) in cases of failed oversight of subordinate resources leading to violations of the Model or of the Code of Ethics that are subject to verbal or written warning, or fine;
- **suspension of work duties and remuneration** disciplinary measure imposed (1) in cases of violations which, for non-executive workers, entail the application of a fine or

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the suspension from work duties and remuneration **(2)** in cases of failed oversight of subordinate resources leading to violations of the Model or of the Code of Ethics that are subject to suspension of work duties and remuneration, or dismissal with notice;

- **termination with notice** disciplinary measure imposed **(1)** in cases of violations which, for non-executive workers, entail the application of individual dismissal with notice; **(2)** in cases of failed oversight of subordinate resources, which led to violations of the Model or of the Code of Ethics that are subject to individual dismissal, with or without notice;
- **dismissal without notice**: disciplinary measure imposed **(1)** in cases of commission of the crimes that trigger the liability of entities; **(2)** shortcomings so serious that irreparably harm the relationship of trust executive workers have with the Company, thus preventing the employment relationship to continue including on provisional terms.

5.5. Measures Applicable to Non-Employed Associates

Without prejudice to the provisions of paragraph 5.2., if the violations under paragraph 5.3 are carried out by persons who are functionally connected to the Company as self-employed workers, Scalapay shall have the right to terminate the relative contractual relationship.

A similar measure may also be adopted if the self-employed worker is involved in legal proceedings for one of the crimes established under Legislative Decree 231/2001.

The Company shall retain the right to claim compensation for the damages arising out of the violation of the Model.

5.6. Measures Applicable to Third Parties

Any conduct held by advisers, suppliers, Merchants, or other third-parties connected to the Company under a contractual relationship, in violation of the provisions of Legislative Decree 231/2001 and of the Code of Ethics for the portions in their competence, may entail the application of penalties or the termination of the relevant contractual relationship, without prejudice to the Company's claim for compensation where such conduct leads to damages (including reputational damages) suffered by the Company, even when irrespective of the termination of the contractual relationship.

To this end, contracts must include specific provisions that require the undertaking of the obligation to comply with the law and with the regulations provided for in the Code of Ethics, and that govern the relative consequences in case of violation. Through said provisions third parties undertake to hold conducts that are suitable to prevent the commission, including attempted commission, of the crimes listed in Legislative Decree 231/2001.

As to contracts which are already in place, letters of undertaking must be exchanged with contractual counterparties, by which the latter agree to comply with the above indicated principles.

5.7. Measures Applicable to Directors

Any violation of the Model and the Code of Ethics by individuals whose positions rank at the top of Scalapay's structure and who represent the Company before third parties is taken very seriously by the Company.

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In the event of a violation of the applicable laws and regulations, of the Model, and of the Code of Ethics by the Chief Executive Officer or by members of the Board of Directors, the Supervisory Body has the obligation to inform the other members of the Board of Directors, who will take the opportune actions in accordance with the law.

5.8. Measures Applicable to the Supervisory Body

In case of violations of the Model and the Code of Ethics by members of the Supervisory Body, the Board of Directors will fairly grant the person concerned the right to be heard, and will adopt the opportune measures, including the revocation of appointment. In any event, the Company shall retain the right to claim compensation for the damages arising out of the violation of the Model.

5.9. Process for the Application of Disciplinary Measures

The kind and scope of the disciplinary measure to be applied shall be determined by following the process described below:

- reconstruction and analysis of the irregularity, by the Human Resources Division, which will conduct an enquiry to analyse the intentionality of the conduct or the degree of negligence, carelessness or incompetence thereof, taking also into consideration the predictability of the event. The Human Resources Division will also consider the impact of the event on the Company and any third parties involved;
- preparation of the statement of disciplinary charges, notified to the employee by the Human Resources Division, in coordination with the Division concerned;
- analysis of the reply formulated by the employee, with particular regard to the justifications expressed in connection to the charges notified;
- completion of the analysis, by verifying additional factors: (1) past history and whether non-compliant conducts are repeated; (2) duties assigned to the worker; (3) specific circumstances that accompany the disciplinary offence;
- proposal for the disciplinary measure to be adopted by the Human Resource Division, and approval thereof by the Chief Executive Officer or Board of Directors.

The party that is ultimately responsible for the material application of the above disciplinary measures is the Chief Executive Officer, who shall decide on the penalties including by taking into account any reports by the Supervisory Body, and based on the definitions laid down in single provisions of law and particularly Legislative Decree 231/2001 and Legislative Decree 81/2008.

The Chief Executive Officer will need to coordinate and consult with the SB if the disciplinary measure is connected to a violation that was reported through the Whistleblowing channel, and when it concerns acts of retaliation in connection to said reports, or persons who submitted unfounded reports intentionally or by gross negligence.

Upon receiving news of a violation of the provisions and rules of conduct by members of the Board of Directors, the Supervisory Body promptly informs the Board of Auditors (where one is

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appointed) and the full Board of Directors. Those who receive said information from the Supervisory Body may take the opportune actions, including, but not limited to, calling the meeting of shareholders for the purpose of adopting the most opportune measures established by law.

Upon receiving news of a violation of the provisions and rules of conduct by one or more Auditors, the Supervisory Body promptly informs the full Board of Auditors and the Board of Directors. Those who receive said information from the Supervisory Body may take the opportune actions, including, but not limited to, calling the meeting of shareholders for the purpose of adopting the most opportune measures established by law.

6. Information and Training on the Regulations laid down in Legislative Decree 231/2001

The proper information and sufficient training of the Recipients with respect to the administrative liability of entities, the relative risks that are present in the Company's activity, and the mechanisms adopted to such end constitute fundamental elements to ensure an effective implementation of the Model and the proper operation thereof.

In order to ensure that the Model is deemed valid to exempt the Company from liability, Scalapay ensures the correct dissemination of the contents and principles thereof, with respect to those who belong to the internal structure of the Company as well as to those whose dealings with the Company fall within the scope of the provisions of Legislative Decree 231/2001.

The communication and training activity is differentiated according to the Recipients to whom it is provided. This activity must be based on principles of efficiency (completeness, clarity, and accessibility) and continuity so that all those involved can gain full awareness of the Model and relevant internal regulations, of the risks connected to the various areas of activity, and the principles of conduct that should be followed.

The staff of the Company is expected to know the operating procedures that regulate the activity carried out by their own corporate function. The Company must also ensure that Recipients are able to access and read the documentation pertaining to the Model, the control protocols and procedures relating thereto for what concerns their own area of competence.

The Company also adopts suitable communication tools to allow the Recipients to be kept abreast of any changes made to this Model and with regard to any relevant changes in procedures, statutory regulations, or internal organisation.

In order to facilitate the Recipients' understanding of the Model and guarantee full awareness of the relevant structure, the Company conducts training activities offered to its members of staff, by using e-learning tools and organising classroom sessions. These activities are conducted in collaboration with the concerned functions and with the human resource management division. Participation in training programmes is mandatory for the employees and the other persons for whom such training are designed. Performance of said training activities must be suitably documented, and the relative documentation must be suitably filed.

7. Criteria for Updating and Adjusting the Model

At the proposal of or in coordination with the Supervisory Body, the Board of Directors resolves on updates to the Model and adjustments with respect to any changes or additions that may become necessary or are deemed opportune in consequence of

- changes in laws and regulations, such as the introduction of new crimes with relevance under Legislative Decree 231/2001;
- changes to the internal structure of the Company and/or the methods by which activities are carried out;
- relevant changes in the Company's business activities;
- news regarding attempts to commit or the commission of the crimes addressed in the Model;
- news regarding possible new methods for committing the crimes addressed in the Model;
- outcomes of the checks and audits conducted;
- serious violations of the provisions of the Model.

In any event, the Model shall be subject to a periodic review process.

8. Annexes

The Model includes the following annexes, which form an integral part thereof:

- Annex 1 - List of Crimes
- Annex 2 - Delegated Powers