

MODEL 231

Approved by Nexi Payments SpA Board of Directors on 22 June 2016.

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Premessa

Legislative Decree “no. 231 of 8 June 2001”, published in Italian Official Journal no. 140 of 19 June 2001, introduced the principle of administrative liability of corporations for crimes committed, in their interest or for their benefit, by persons employed by them. The actions required for protection from liability and prevention of crimes require the adoption of organisational and control measures, for which the main Italian business organisations (ABI, ANIA, Confindustria) have developed and disseminated guidance and recommendations for companies.

For the purpose of taking suitable preventive measures for protection against administrative liability, Nexi Board of Directors (hereinafter also Nexi or Company), during its meeting of 12 July 2007, approved, for the first time, an organisational model called **Organisational and Control Model under Legislative Decree 231/2001** (hereinafter, for brevity’s sake, **Model 231**). Model 231, subject to continual review, as defined below (see Chapter 2, section 9 “Review and updating of Model 231”) which was later updated, as a result of intervening legislative amendments/organisational factors.

Definitions

- **Legislative Decree 231/2001 or Decree:** Italian Legislative Decree dated 8 June 2001, as amended.
- **Model 231:** the organisational, management and control model under Legislative Decree 231/2001, adopted by Nexi Board of Directors;
- **Persons in senior management positions:** in accordance with article 5(a) of Legislative Decree 231/2001 means «persons who occupy positions representing, administering or managing the entity or one of its organisational units with financial and operational autonomy, as well as persons who exercise, also *de facto*, management and control of said entity»;
- **Subordinates:** in accordance with article 5(b) of Legislative Decree 231/2001 means «persons subject to the oversight or supervision of one of the persons referred to in 5(a) (persons in senior management positions);»;
- **P.A.:** the Italian Public Administration apparatus, including relevant public officials and persons appointed to perform public service, also belonging to organisations of the European Union and other foreign States;
- **Stakeholders:** parties which have an interest concerning the Company;
- **Protocols:** control tools (regulations, information system procedures, regulatory dossiers, operating manuals, etc.), adopted by Nexi for preventing crimes under Legislative Decree 231/2001, that are incorporated into the Model by reference thereto, in accordance with article 6(2)(b).

Chapter 1 - Regulatory Framework

1. Introduction

Legislative Decree 231/2001, which entered into force on 4 July 2001, adapted national legislation regarding the liability of legal persons to comply with certain international Treaties to which Italy has acceded.

These are the *Brussels Convention of 26 July 1995* on the protection of the financial interests of the European Community, the *Brussels Convention of 26 May 1997* on the fight against corruption of officials of the European Community or of Member States and the *OECD Convention of 17 December 1997* on the fight against corruption of foreign public officials involved in business and international transactions.

Specifically, Legislative Decree 231/2001 regarding “Administrative liability of legal persons, partnerships and associations without legal personality”, introduced to the Italian legal system a system of administrative liability similar to the criminal liability system.

Administrative liability is independent but necessarily arises out of the conduct of an individual and natural person, in cases where such conduct constitutes a crime provided under the Decree.

The system of administrative liability of an entity is classifiable for criminal offences strictly listed and committed in the interest or for the benefit of said entity:

“a) by persons who occupy positions as representatives, officers or managers of the entity or one of its organisational units with financial and operational autonomy, as well as persons who exercise, also *de facto*, management and control of the same; b) by persons subject to the regulatory or supervisory control of one of the persons referred to under a).

The liability of the Entity is in addition to that of the natural person who has materially committed the crime and is independent with respect thereto, in that it exists even when the perpetrator of the crime has not been identified or may not be prosecuted or in the case that the crime is repealed for a cause other than an amnesty.

2. Crime categories

The relevant criminal offenses under Legislative Decree 231/2001, as amended, which may give rise to administrative liability of the entity are only those expressly

provided for by law, in compliance with the principle of legality ratified under article 2 of Legislative Decree 231/2001, and may, for convenience, be included in the following categories:

1. crimes against the public administration (such as unlawful incitement to provide or promise benefits, corruption and malpractice against the State, fraud against the State and computer fraud against the State, within the meaning of articles 24 and 25 of Legislative Decree 231/2001);
2. cybercrime and unlawful data processing (article 24-bis of Legislative Decree no. 231/2001);
3. crimes against public trust (such as counterfeiting of money, public credit cards and duty stamps, within the meaning of article 25-bis of Legislative Decree 231/2001);
4. corporate crimes (such as false corporate disclosures, obstructing control, unlawful influence on the shareholders’ meeting, within the meaning of article 25-ter of Legislative Decree 231/2001), as amended and, lastly, Law no. 69 of May 27, 2015;
5. crimes regarding terrorist acts and subversion of democracy (including terrorist financing for said purposes), within the meaning of article 25-quater of Legislative Decree 231/2001);
6. crimes against the individual (such as exploitation of prostitution, child pornography, human trafficking and enslavement and slavery), within the meaning of article 25-quinquies of Legislative Decree 231/2001);
7. crimes regarding market abuse (insider trading and market manipulation), within the meaning of article 25-sexies of Legislative Decree 231/2001, introduced by article 9 of Law no. 62 of 18 April 2005 (so-called “EC Law 2004”);
8. manslaughter or grievous and extremely grievous negligent injury, committed in breach of legislation regarding occupational health and safety, within the meaning of articles 589 and 590, third paragraph, of the Italian criminal code referred to in article 25-septies of Legislative Decree 231/2001);
9. crimes regarding receiving stolen goods, money laundering and use of money, property or benefits of unlawful origin (article 25-octies of Legislative Decree 231/2001);
10. cross-border crimes (conspiracy, aiding and abetting illegal immigrants and crimes regarding obstruction of justice), within the meaning of article 10 of Law no. 146 of 16 March 2006 “ratifying and enforcing the United Nations Convention and Protocols against Transnational Organized Crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001”;
11. crimes committed by organised crime, within the meaning of article 24-ter of Legislative Decree 231/2001, introduced by article 2(29) of Law no. 94 of 15 July 2009;
12. crimes against industry and trade, within the meaning of article 25-bis.1. of Legislative Decree 231/2001, introduced by Law no. 99 under article 15(7)(b) 23 July 2009;
13. crimes regarding copyright infringement, within the meaning of article 25-novies of Legislative Decree 231/2001, introduced by Law no. 99 under article 15(7)(c) of 23 July 2009;
14. incitement to not testify or bear false testimony before the judicial authority, within the meaning of article 25-decies of Legislative Decree 231/2001, introduced by Law no. 116 under article 4 of 3 August 2009;
15. environmental crimes, within the meaning of article 25-undecies, Legislative Decree 231/01, introduced under article 2 of Legislative Decree no. 21 of 7 July 2011, as amended by Law no. 68 of 22 May 2015;
16. employment of third-world citizens whose residence is illegal, within the meaning of article 25-duodecies, Legislative Decree 231/01, introduced by Legislative Decree no. 109 of 16 July 2012;
17. private bribery (article 2635(5) of the Italian civil code), within the meaning of article 25-ter of Legislative Decree 231/01, introduced by law no. 190 of 6 November 2012;
18. self-money laundering crimes, within the meaning of Legislative Decree 231/01, introduced by Law 186/2014.

The list of crimes in the various categories is available in the “Special part” annexed to Model 231.

3. Legal requirements for exemption from liability under Legislative Decree 231/2001

A fundamental aspect of Legislative Decree 231/2001 is the express provision for companies to have organisational, management and control models.

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In the case of crimes committed by the persons referred to in article 5(1)(a) (persons in a senior management position), the company is not liable whenever it proves that (article 6(1) of Legislative Decree):

- a) the management body has adopted and effectively implemented, before the act was committed, organisational and management models suitable for preventing the crimes of the type committed;
- b) the task of monitoring operation and compliance with the models and providing for their updating has been entrusted to a body within the company with independent powers of action and control;
- c) persons (persons in senior management positions) have committed the crime by fraudulently circumventing the organisational and management models;
- d) there has been no fault in or insufficient oversight performed by the supervisory body.

The company is therefore required to show its non-involvement in the crime allegedly committed by a person in senior management position, by proving the existence of the aforementioned concurrent requirements and, as a result, the fact that the commission of the crime does not arise out of its own "organisational fault". However, in the case of a crime committed by subordinates under the oversight or supervision of others, the company shall be liable whenever commission of the crimes has been made possible by the breach of the oversight or supervision duties which the company is required to comply with.

In any case, breach of oversight or supervision duties is excluded whenever the company has, prior to the commission of the crime, adopted and effectively implemented an organisational, management and control model suitable for preventing the type of crimes that have been committed.

Legislative Decree 231/2001 also provides guidance on the subject matter of the organisational and management models, providing that, in relation to the extension of delegated powers and the risk of committing crimes, it shall:

- identify the activities within which crimes may be committed;
- provide for specific protocols, for planning the training in and implementation of the company's decisions in relation to the crimes to be prevented;
- identify procedures for managing financial resources suitable for preventing the commission of crimes;
- provide for disclosure requirements to the body appointed for supervising the operation and compliance with models;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

The Legislator has also defined the following requirements, as indicators of the effective implementation of the Model:

- periodic review and any amendment of the Model, whenever significant breaches of requirements are discovered or whenever changes occur in the organisation and its operations;
- a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

Chapter 2 - General requirements of Model 231

1. Industry framework

Article 6 of Legislative Decree 231/2001 states that organisational and management models may be adopted, ensuring the prescribed requirements, based on codes of conduct drawn up by the representative associations of the institutions. Nexi Model 231 is based on the following reference sources:

- [ABI Guidelines](#) issued by the Italian Banking Association in December 2002, as updated.
- [Industry standards](#) issued by the Supervisory Authorities (Bank of Italy, Consob), which regulate banking in general terms and which define the principles and guidelines for sound and prudent management and organisation and control of companies and banking groups.
- [Confindustria Guidelines](#) issued by the General Confederation of Italian Industry, limited to the types of activity-crime combinations, for creating a more comprehensive mapping of activities exposed to crime risk in the applied Model 231.

2. Model 231 and Governance in Nexi

In the preparation of Nexi Model 231, the main elements underpinning the Company's Governance were taken into consideration and, namely:

- **Company Articles of Incorporation and Bylaws** defining, *inter alia*, the corporate object, as well as the powers and duties of the Corporate Bodies.
- **Code of Ethics**, which illustrates, together with all rights, duties and responsibilities of the Company and its representatives towards so-called Stakeholders; the Code of Ethics is incorporated into Model 231 by reference (ref. Annex 1 – Code of Ethics).
- **Internal policies**: Nexi Group Policy, Organisational Procedures, Infra-group Control Protocols, etc.

- **Powers and Delegation System**, which defines, in a comprehensive manner, the powers delegated to the various, bodies, persons and business functions.

- **Sanction system**, which governs the application of sanctions in the event of a breach of Model 231, with reference to persons in senior management positions, subordinate workers, self-employed persons and other third parties.

3. Model 231 and crime risk analysis, in accordance with Legislative Decree 231/2001

Model 231 is based on a constantly updated business analysis, with the aim of identifying the areas potentially exposed to crimes, as defined in relevant legislation, for which the internal control systems needs to be strengthened.

Identification of areas exposed to crime risk is performed through assisted Self-assessment, for the purpose of:

- informing and making all Company personnel aware that any unlawful conduct, even if intended in good faith to improve corporate business results, may lead to criminal penalties for the individual and to financial penalties and disqualification for the company;
- sharing and making policy regarding the need for fair and correct behaviour in conducting business dealings by all persons working for the Company in business dealings and full compliance with legislation in force;
- introducing specific control, monitoring and sanctioning procedures and measures, effectively appropriate for countering the crimes under Legislative Decree 231/2001.

In defining Model 231, special attention has been placed on the design and subsequent management of operational processes, for being reasonably able to ensure:

- the separation of tasks via suitable distribution of responsibilities and by providing for suitable authorisation levels, for the purpose of preventing overlapping of business functions or operational allocations which may concentrate critical activities on a single individual;
- clear and policy-based allocation of powers and responsibilities, with explicit indication of the limits in their exercise and in accordance with the duties assigned and the positions held within the organisational structure;
- correct procedures for performing said activities;
- traceability of documents, transactions and operations by means of suitable paper or information system supports;
- decision-making processes linked to pre-established objective criteria (e.g. the existence of supplier registers, the existence of objective assessment criteria and personnel selection, etc.);
- the existence and traceability of oversight and supervision activities for corporate transactions;
- the existence of security mechanisms for ensuring adequate protection/physical-logical access to corporate data and assets. The risk analysis methodology adopted is the subject of additional commentary in Section 3 "Risk analysis methodology"

4. Definition of procedures for managing financial resources

Legislative Decree 231/2001 requires the identification of procedures for managing financial resources for preventing the commission of crimes (Article 6(2)(c)). Nexi Model 231 defines, under Section 6, sub-section 3 "Additional activities subject to control", the control procedures applicable to resource management processes, which include the process for managing financial resources.

5. Establishment of a Compliance Board

The Compliance Board is the structure responsible for overseeing the working and compliance with Model 231. The Compliance Board informs Nexi Board of Directors about its activities and breaches of Model 231, which it has knowledge of in the performance of its duties.

Section 4 "Compliance Board" defines the appointment, composition, duration, powers and duties of the Compliance Board.

6. Definition of disclosure requirements

Legislative Decree 231/2001 requires that "Disclosure requirements" be provided regarding the Compliance Board. To this end, all parties concerned (Model 231 recipients: corporate bodies, subordinated workers, self-employed co-workers, etc.) have a duty to report or refer to the Compliance Board, also anonymously, information on the commission of crimes or conduct which breaches the provisions of Model 231 and/or the Code of Ethics, via dedicated confidential reporting channels. The methodologies governing such flows are outlined in Section 4, sub-section 5 – "Information flows".

7. Integration of the disciplinary system

The disciplinary system (which sanctions any unlawful conduct or that contrary to the provisions of company policy) is an essential factor for the working of Model 231. To this end, the Company has adopted a disciplinary system directed towards

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ensuring compliance with Model 231, via providing for a series of differentiated measures, based on the role of the persons potentially involved, suitable for sanctioning conduct which is not in line with the established rules and principles.

The disciplinary system structure is discussed more fully in Section 5 – “Disciplinary system structure”.

8. Model 231 – Training and dissemination

Model 231 is required to be circulated to recipients through special communication and information activities. The documentation used and produced for Model 231 is retained by the Compliance Board through the Head of the Audit Service of the Parent Company, which ensures its immediate availability, in compliance with legislation regarding the processing of personal data. Communication and training activities, diversified according to the recipients to which they are addressed, are in any case based on principles of completeness, clarity, accessibility and continuity for enabling the various recipients to fully understand the corporate provisions they are required to comply with and ethical standards which are required to underpin their conduct.

Model 231 “General Part” may always be consulted on the Company’s website.

9. Approval, review and updating of Model 231

Model 231 was approved on first adoption by the Board of Directors. The procedure for approving updates is as follows:

- General Part: by the Board of Directors, following the favourable opinion of the Compliance Board;
- Special Part: by the Board of Directors or by the Chief Executive Officer (the latter only for the self-assessment sheets, if delegated by the Board of Directors), in any case, after favourable opinion of the Compliance Board. The Compliance Board submits to the Compliance Board of the Parent Company specific notification regarding the approval of Model 231. Model 231 is periodically reviewed to ensure it is up-to-date and effective over time, in the following cases:
 - (a) relevant legislative innovations;
 - (b) in the light of significant changes to the organisational structure or operations of the company;
 - (c) significant breaches of Model 231 and/or the outcomes of audits on its efficacy;
 - (d) as well as each time it is deemed necessary.

Roles, responsibilities and operating procedures regarding the updating and approval of Model 231 are defined in specific internal policies.

Chapter 3 - Risk analysis methodology and internal control system

1. Risk analysis and internal control system

The Nexi Model has been designed to meet the “specific requirements” under the Decree, summarised in article 7(3) and defined in detail in article 6(1)(a) of Legislative Decree no. 231/2001, expressly provide that the Organisational and Management Model of the entity is required to “identify the activities within the context where crimes may be committed”.

The analysis for identifying the types of crimes applicable was therefore the starting point for defining the Model; during this step, a full audit was conducted on all activities implemented, as well as on the company organisational structures, for the purpose of identifying “crime risks”, recognisable in the various sectors of activity.

The groundwork structure for creating the Model, thus, included:

- analysis of corporate policies (e.g. General Nexi Policy, etc.) and corporate Governance system (e.g. delegation and authorisation system, etc.);
- analysis of the types of crimes applicable to the sphere of Nexi operations;
- identification of activities where crimes may be committed and creation of the Risk Area Identification Matrix;
- interviews with contacts of each identified activity;
- preparation of a table showing sensitive areas exposed to crime risk, indicating the 231 Risk/Crimes associated with each one and the business functions involved;
- the provision of specific protocols for programming the training in and implementation of corporate decisions in relation to crimes to be prevented;
- identification of the procedures for managing financial resources suitable for preventing the commission of crimes;
- provision for disclosure to the board appointed for monitoring compliance with and the correct working of the Model;
- introduction of a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

In performing the tasks for setting up the Model, reference was made to corporate policies and, namely:

- Code of Ethics

- Nexi General Policy
- Policy
- Regulatory dossiers
- Service orders
- Delegation and authorisation system

For each “risk-exposed” activity, existing operating management procedures are identified, as well as control mechanisms already in place. Specifically, protocols, based on the rule for documenting and rendering verifiable all steps of the decision-making process, have been defined, for the purpose of tracing the motivation underlying the decision.

For the purpose of defining an Organisational Model compliant with legislation regarding the administrative liability of the entity, Nexi also provided for:

- defining the system for delegation and powers for ensuring consistency with corporate requirements and compliance with the Company Articles of Incorporation and Bylaws;
- establishing the Compliance Board, defining the regulations for the Board, its powers and responsibilities, the lines of reporting and information flows to and from the Board;
- introducing a disciplinary system for sanctioning non-compliance with the procedures and measures specified in the Model.
- adopting a Code of Ethics, establishing principles, rights, duties and responsibilities of Company shareholders, corporate officers, employees and co-workers, customers, suppliers and public authorities. Moreover, the Code of Ethics intends to recommend, promote and prohibit certain behaviour which may determine liability for the Company or, however, is not compliant with the established ethical principles.

2. Internal control system

The System of Internal Controls plays a central role in the organisation of Nexi and, namely:

- represents a key information source for corporate management, for ensuring full understanding of the company position and effective management of corporate risks and their interrelationships;
- it directs changes in strategic guidelines and corporate policies and allows the organisational context to be adapted in a consistent manner;
- it manages the operating of management systems;
- it encourages the spread of a proper culture in relation to risks, legality and corporate values. Nexi attaches strategic importance to the Internal Control System, in that it considers it an essential tool for ensuring that corporate assets and equity, process efficiency and effectiveness and corporate transactions are safeguarded, in addition to the reliability of financial information and compliance with laws and regulatory provisions.

Regardless of the corporate structures, where they are in place, the Nexi System of Internal Controls is structured as follows:

- **internal audit (i.e. third-level controls)**, aimed at identifying irregularities and breaches of procedures and policies, as well as periodically assessing the completeness, functionality and adequacy, in terms of efficiency and effectiveness of the internal control system;
- **controls on risks and conformity (i.e. second-level controls)**, aimed at ensuring, amongst other things: i) correct implementation of the risk management process; ii) compliance with the allocated operating limits of the various business functions; iii) compliance with standards, including self-regulatory standards.
- **line controls (i.e. first-level controls)**, aimed at ensuring correct execution of transactions.

The Nexi Internal Control System, for the purpose of attaining corporate and group goals of effectiveness and efficiency of operational activities, the reliability of information in financial statements and legislative and regulatory compliance, provides for:

- co-ordination and liaison policies for use between the companies in the Group and the Parent company for all business areas;
- financial reporting systems integration mechanisms, for ensuring the reliability of the collection of data on a consolidated basis;
- periodic information flows which permit monitoring of the attainment of strategic objectives, as well as regulatory compliance;
- clearly defined duties and responsibilities of the various units appointed for controlling risks within the Group and suitable coordination mechanisms;
- procedures ensuring centralised measurement, management and monitoring of all risks at consolidated Group level;
- information systems which allow monitoring of financial flows and dealings between the units which are part of the Group.

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Chapter 4 - Compliance Board

1. Identification and material requirements

The Compliance Board defines and performs the duties for which it is responsible and it is vested with – in accordance with article 6(1)(b) of Legislative Decree no. 231/2001 – “independent powers of action and control.” The Compliance Board regulates and approves its internal operations by means of a special regulation. In consideration of the specific nature of the tasks for which it is responsible, the provisions under the Decree and the recommendations contained in the Guidelines issued by ABI, the choice of internal oversight board vested with independent powers of action and control is so structured for ensuring that the Compliance Board has the requisites of autonomy, independence, professionalism and continuity of action provided for said dedicated role.

2. Appointment and revocation

The 231 Compliance Board, established at the Company, consist of three members with the requisites of professional expertise and independence; members of the Compliance Board shall include at least:

- an independent non-Executive Director and/or the Manager of a control business function;
- an external member, as Chairman of the Compliance Board, selected from among professionals with legal and financial expertise and proven experience, specifically with reference to banking matters, financial markets and liability under Legislative Decree 231/2001.

Also, employees with the requisites of integrity and professionalism established as requisites for the external member, may be appointed members of the Compliance Board, as long as they have not been attributed tasks, roles and/or responsibilities within the corporate organisational structure that are incompatible with the requisites of “autonomy and independence” prescribed for the Compliance Board. Appointment and any changes and additions are the responsibility of the Board of Directors.

Members of the Internal Control Committee may designate its members to attend the meetings of the Compliance Board, merely as auditors of proceedings.

The Compliance Board remains in office for three years; members ceasing to be in office may be reappointed.

Except in the case of reviewing the role of the Compliance Board based on accrued experience, the following cases will be reason for replacing or supplementing the members of the Compliance Board:

- attribution of tasks, roles and/or responsibilities within the corporate organisational structure which are incompatible with the requisites of “autonomy and independence” and/or “continuous action” prescribed for the Compliance Board.
- suspension or waiver of the business function and/or office held by a Compliance Board member;
- suspension or waiver for personal reasons by a Compliance Board member.

Grounds for ineligibility and/or disqualification of individual members of the Compliance Board, without prejudice to the provisions of paragraph 1, are:

- family relationships, marriage or close relationships with members of the Board of Directors, persons holding offices of representation, administration or management within the Company or one of its business units with financial and operating autonomy, as well as persons exercising – also *de facto* – management and control of the Company and the independent auditors and other persons specified by law;
- conflicts of interest, including potential conflicts, with the Company or subsidiaries which compromise independence;
- employment with the State, at central or local administrations, in the three-year period prior to appointment as a member of the Compliance Board;
- conviction, also if it has not become final, or application of a criminal penalty after having pleaded guilty (so-called plea bargain), for violations pertaining to corporate administrative liability under Legislative Decree 231/2001;
- conviction, also if it has not become final or “plea bargain” or conviction with a penalty entailing disqualification, even temporary, from holding public office or temporary disqualification from the executive offices of legal persons and undertakings or conviction for crimes which affect the integrity of the member.

Whenever any one of the aforementioned grounds regarding replacement or integration or ineligibility and/or disqualification exists involving a member, said member shall immediately notify the other members of the Compliance Board and shall automatically fall from office.

The Board of Directors may furthermore, at any time, revoke the office of one or more members of the Compliance Board, whenever the requisites for holding said office shall fail to exist or whenever reasons arise constituting incompatibility for the members of the Board, as well as for cause.

The Board of Directors is responsible for replacing a member of the Compliance Board whose office has been revoked, for the purpose of maintaining the structure of the Board previously described.

3. Duties

The Compliance Board is responsible for overseeing the working and compliance with Model 231. The Compliance Board notifies Nexi Board of Directors on its activities and any reports of conduct which breach Model 231 which may have been received. The tasks of the Compliance Board include:

- informing the Board of Directors on the application of Model 231 and, more in general terms, on the measures adopted for preventing crimes, according to frequency and priority commensurate with the risk profile of the activities and/or within the more general control schedules;
- establishing and implementing, through the Audit Service, the annual schedule for monitoring and control activities;
- recommending (involving the corporate offices responsible) updating of the Code of Ethics and Model 231, based on the outcome of audits or changes in legislation and/or the internal corporate organisational structure;
- analysing reports, however received, regarding breaches of Model 231;
- establishing its own regulations which provide, amongst other things, for the definition of periodic reports to be received from corporate management and from the various corporate business functions, referred to in sub-section 5.2 further on – Information flow to the Compliance Board;
- any other tasks attributed by law or under Model 231.

4. Powers

In performing its allocated duties, the Compliance Board has unrestricted access to corporate information for investigation, analysis and control tasks; to that end, anyone (business function, employee and/or member of company management bodies) shall be required to provide the information and/or documentation requested by the Compliance Board.

The Compliance Board is vested with the following powers:

- the power to enter into, modify and/or terminate professional engagement agreements with third parties possessing the specific competencies required for the best execution of the assignment;
- the availability of financial resources for performing Compliance Board activities.

The Compliance Board is required to periodically report to the Board of Directors on the use of financial resources. In the presence of exceptional and urgent situations, the Compliance Board may commit resources beyond its allocated budget subject to the requirement of notifying the Board of Directors immediately.

5. Information flows

5.1. Information flows from the Compliance Board to corporate executive management

The Compliance Board reports to the Board of Directors on implementation of Model 231, whenever any critical aspects arise and provides a report on, through an annual report, the outcome of the activities performed in exercising the tasks within its remit.

5.2. Information flows to the Compliance Board: statutory disclosures

The Compliance Board is required to be notified by those persons required to comply with Model 231, on events which may create liability for the Company under Legislative Decree 231 and, generally, on the working of Model 231. Within this context:

- the Compliance Board defines periodic reporting to be received by the corporate management bodies and the various business functions on any relevant issues with reference to the application of this Model;
- the Audit Service of the Parent Company sends the Compliance Board the audit reports on issues regarding Model 231;
- each employee is required to report conduct which is not in line with the principles and subject matter of Model 231 by contacting the Compliance Board;
- consultants, external co-workers and business partners, with regard to their dealings with Nexi, shall report directly to the Compliance Board; the Compliance Board assesses the reports received and the actions to be implemented. Persons making a report in good faith shall be ensured protection against any form of retaliation, discrimination or penalty and, in any case, the confidentiality of the identity of the reporting person shall be assured, without prejudice to the legal obligations and the protection of the rights of the company or persons falsely accused or in bad faith. “Dedicated reporting channels” have been established for facilitating the flow of communications and information. Specifically, each information flow is sent to the e-mail address: OdV_Nexi@cartasi.it

The Compliance Board is responsible for analysing reports, however received, regarding the commission or attempt to commit the crimes under the Decree.

6. Relations with the Compliance Board of the Parent company

The Parent Company’s Compliance Board promotes dissemination and knowledge by subsidiaries of the methodology and tools used for implementation of Model

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231. Any corrective actions on Model 231 of the Company, resulting from controls conducts, is the exclusive responsibility of the Company.

It is mandatory for the Company's Compliance Board to report to the Parent Company's Compliance Board; within this context, the Company's Compliance Board sends:

- periodic reports on the activities performed, also intended for the Board of Directors and the Chief Executive Officer of the Company;
- promptly forwards information regarding breaches of the provisions under Model 231 or any other breach, even of a procedural nature of significant gravity, also intended for the Board of Directors and the Chief Executive Officer of the Company.

Chapter 5 - Disciplinary system structure

1. Function of the disciplinary system

In accordance with article 6(2)(e) of Legislative Decree 231/2001, the organisational model is required to "introduce a disciplinary system suitable for sanctioning non-compliance with the measures under the Model".

The definition of sanction, commensurate with the breach committed and applicable in case of breach of Model 231, has the purpose of contributing to: (i) the effectiveness of Model 231 itself and (ii) the effectiveness of the Compliance Board's control action.

To this end, a disciplinary system has been established suitable for sanctioning any breach of Model 231, whether committed by persons in senior management positions or persons under the management of others. The application of the disciplinary system is independent of the conduction and outcome of proceedings which may be initiated by the competent judicial authority.

It is stated, in the clearest and most unambiguous terms, that no unlawful or illegitimate or improper conduct may be justified or considered less serious, because it is claimed to have been committed in the alleged "interest" or for the "advantage" of the Company.

2. Sanctions

2.1. The sanctioning of attempted criminal acts

Acts or omissions, directed unequivocally at breaching the principles established in corporate policies (e.g. Model 231, Code of Ethics, Rules, Organisational Policies and Procedures, etc.), even if the act is not committed or the event fails to take place.

2.2. Sanctions applicable against employees

Failure to comply with the rules under Model 231, adopted by Nexi, in accordance with the Decree, as well as breaches of the provisions and principles set out in the Code of Ethics by an employee, on the basis of the seriousness of the breach, will entail the application of disciplinary sanctions. The option for an employer to exercise disciplinary powers is ratified in full compliance with the provisions of articles 2103 (Employee duties), 2106 (Disciplinary sanctions), 2118 (Termination of a permanent employment contract) and 2119 (Termination for cause) of the Italian civil code, the provisions under article 7 of Law no. 300 of 20 May 1970 (Workers' Statute), the provisions contained in the prevailing collective bargaining agreements and in Law no. 604/66 regarding individual dismissals.

For the purpose of compliance with the law, by way of example, the following cases constitute breach of Model 231:

- the commission of acts or conduct which do not comply with the requirements of Model 231 and/or the Code of Ethics and, namely, the omission of acts or conduct prescribed under Model 231 and/or the Code of Ethics;
- failure to comply with requirements regarding disclosure of information to the Compliance Board in breach of the provisions of Model 231. It should be noted that breach of Model 231 means non-compliance with the principles established in corporate policies (e.g. Model 231, Code of Ethics, Regulatory dossiers). Strict compliance shall be observed in respect of cases of liability for omitted control by persons delegated with the relevant tasks, in general or in special cases, (control, monitoring, supervision).

2.2.1. Sanctions applicable against managerial supervisors, office employees and workers

The determination of breaches, disciplinary proceedings and the imposition of sanctions will be made in accordance with the provisions of law (e.g. Workers' Statute), the National Collective Bargaining Agreement for the banking industry, Nexi Articles of Incorporation and Bylaws and corporate provisions. The provisions of Organisational Model 231 and the Code of Ethics are incorporated into the contractual obligations of Company employees by reference.

The provision for and application of sanctions is required to be based on the principle of proportionality, established under article 2106 of the Italian civil code, i.e. it is required to be established using a graded scale, based on the objective severity of the act constituting the disciplinary breach; specifically, account will be taken of:

- the intention underlying the conduct or degree of fault;

- the overall conduct of the employee with particular regard to the existence or otherwise of previous disciplinary measures;
- the level of responsibility and autonomy of the employee who has committed the breach;
- the gravity of its effects, meaning the level of risk to which the Company may reasonably have been exposed – in accordance with and for the purposes of Legislative Decree 231/2001 – as a result of the sanctioned conduct;
- the other special circumstances associated with the disciplinary breach.

The graded scale of sanctions may extend to the type of sanctions provided for under collective bargaining agreements, which currently include:

- a) Verbal reprimand;
- b) Written reprimand;
- c) Suspension from service and salary for a period not exceeding 10 days;
- d) Dismissal on justified grounds;
- e) Dismissal for cause.

2.2.2. Sanctions applicable against managers

In the event of a breach of this Model 231 by managers of the Company in the case of a breach of this Model 231, the Company shall notify the Compliance Board in a timely manner and shall adopt the provisions of law and under the contract applicable to the person who committed the breach, taking into account the criteria referred to in the previous paragraph.

Whenever the breach of Model 231 renders the trust relationship with the Company unworkable and still in accordance with legal provisions in force and under the National Collective Employment Contract for Executives, the Company shall **terminate employment with notice** and **terminate for cause**.

2.3. Sanctions applicable against self-employed persons and other third-parties

Any breach of applicable law, Model 231 or the Code of Ethics by employees, co-workers, consultants, service companies and other natural or legal persons with which the Company has business dealings is sanctioned in accordance with the specific contractual clauses under the relevant contracts and agreements.

Without prejudice to seeking remedy for damages whenever said conduct shall cause tangible harm or loss to the Company and, likewise, in the case of application by the court of measures provided for under the Decree. The principles and subject matter of Model 231 shall be brought to the attention of all those with whom the Company has contractual business dealings. The commitment to compliance with law and the principles of Model 231 by third parties having contractual dealings with Nexi shall be provided for by a specific clause under the relevant agreement and it shall be subject to acceptance by the contracting third party.

2.4 Sanctions applicable against Directors

The Compliance Board shall notify the Chairman of the Board of Directors and Chief Executive Officer of a breach of Model 231 by one or more members of the Board of Directors. The Board of Directors, with the abstention of the person involved, shall conduct the necessary investigations and take appropriate measures, which may include revocation of delegated powers, as well as calling the Shareholders' Meeting for deciding on any removal from office.

3. Dissemination of the Disciplinary System

The disciplinary system, for the purpose of optimising the efficiency and effectiveness of Organisational Model 231, requires suitable dissemination and promotion; the Company, in addition to the formal requirements for displaying Model 231, is also required to provide adequate information to all Recipients subject to compliance with the standards under said Model.

The Disciplinary System is displayed on corporate notice boards and consigned to each employee on being recruited by the Company.

Chapter 6 - Control preventive measures

1. Structure of control measures

Measures, with the aim of preventing the risk of committing the crimes provided under Legislative Decree 231/2001, are adopted alongside those provided under the Code of Ethics, a general principle which is not a derogation from Model 231 and they are structured as two levels of control:

1. **general principles applicable to all activities**, which are required to be always adopted for all the activities considered by Model 231;
2. **specific control protocols**, which provide for special provisions for regulating special aspects of the various activities and which are required to be contained in the relevant corporate procedures.

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The general principles applicable to all activities are:

- a) **Separation of activities:** separation of activities is required between the person who executes the task and the person who is responsible for control and the person responsible for authorisation (1);
- b) **Regulatory measures:** corporate rules are required capable of providing at least general principles for regulating sensitive activities;
- c) **Signatory powers and powers of authorisation:** formal rules shall exist for attributing and exercising powers of signature and powers of internal authorisation;
- d) **Traceability:** all stages of the decision-making process for activities within which crimes under Legislative Decree 231/2001 may be committed, are required to be documented and records retained for the purpose of allowing responsibility to be reconstructed.

Annex no. 1 – Code of Ethics

2. Specific control activities and protocols

The identification of the activities during which a criminal offense provided under Legislative Decree 231/2001 may be committed is contained in the “special section” annexed to Model 231. This document provides for special provisions regulating the special aspects of single activities.

3. Additional activities subject to control

In addition to activities that have a direct impact on the crimes provided for under Legislative Decree 231/2001, Model 231 provides for specific activities for the following processes deemed particularly sensitive with regard to the crimes prescribed under Legislative Decree 231/2001, crossing the entire organisational structure (so-called “instrumental processes”):

1. **financial transactions:** process for managing payments and relevant flows with service companies, including credit and facilitated loan management;
2. **procurement of goods and services:** goods and services procurement processes;
3. **professional and advisory services:** process for granting professional assignments;
4. **benefits:** process for managing benefits, with special reference to managing gifts, sponsorships, donations and entertainment expenses;
5. **personnel recruitment:** process for selecting and recruiting human resources.

These processes are governed by corporate procedures in which the relevant departments ensure the transposition of (a) **general principles applicable to all activities** (sub-section 6.1) and (b) of the **specific control protocols** (sub-section 6.2) linked to the instrumental processes mentioned above.

(1) The following classification is attributed to the standard:

- the principle of separation shall exist, taking into consideration the task within the context of the specific process of which it is part;
- separation exists in the presence of codified, complex and structured systems where the individual phases are coherently identified and governed by management, resulting in limited applicability of discretion and tracked in the decisions taken.