



smart
factoring

EU Whistleblowing Procedure

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1. Purpose

This document sets out the EU Whistleblowing Procedure (the "Procedure") that applies to all Smart Factoring personnel located in Bulgaria ("SF"), that are accessing or using SF's information, assets and information processing facilities. These include representatives, agents, appropriately authorized individual and/or independent contractors, employees (whether permanent, fixed-term or temporary), trainees, casual workers and agency staff, volunteers, interns, sponsors, consultants, work candidates or former personnel, wherever located (hereby jointly referred to as "SF Personnel").

This Procedure describes the methodology and processes to be followed during the reporting of Infringements (Whistleblowing). It has the endorsement of the executive functions of the SF and their respective Leadership Team ("SFLT") and will be regularly reviewed by the SF LT to ensure that it reflects any changes in applicable laws and developments in acceptable standards for the conduct of business. SF is committed to maintaining the highest ethical standards and vigorously enforces the integrity of its business practices wherever it operates throughout the world.

2. Scope

This document is a SF Procedure applicable to Bulgaria, and it applies and is binding for all SF Personnel at all levels and grades, including but not limited to:

- a. All sites and premises of the SF;
- b. All SF Personnel as situated at all locations and sites of the SF, including past personnel where the respective statute of limitations is not reached.

This Procedure does not form part of any Employee's contract of employment. It is for the sole and exclusive benefit of the Company and may not be used or relied upon by any other party. The Company may modify or repeal the provisions of the Procedure or adopt a new Procedure at any time it deems appropriate.

3. Reporting of Infringements (Whistleblowing)

In virtue of the provisions of Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019 on the protection of persons who report breaches of Union law and all applicable national legislation, whereby the above has been transposed and entered into force, SF has adopted this EU Whistleblowing Procedure. As outlined in section Purpose, this Procedure is set to facilitate the process of reporting of Infringements (Whistleblowing) and its review and to ensure compliance with the relevant applicable legislation. SF Personnel has the right to raise concerns and report all cases of violations regarding Infringements via the established confidential communication channel that may be reached at the E-mail Hotline: [**aml@smart-factoring.com**](mailto:aml@smart-factoring.com)

The report has to be filled in the below form:

| Whistleblowing Report Form | | |
|---|--|--|
| Names and position of the Person who files the report | Summary data on the alleged violation, such as place and period of the violation | Persons affected and dates of the events, if such information is available |
| | | |

Alternatively, the report can also be done by phone or at the request of the whistleblower via a personal meeting with the designated officers.

SF has nominated designated officers on a country level who will act as an independent and impartial source of advice to staff at any stage of raising a concern.

The designated officers shall:

- treat the concern confidentially,
- escalate to senior management any indications that the Personnel is being subjected to detriment for raising their concern,
- report such concern to the respective public authority and/or regulator where required under law and regulation.

4. Process Guidelines

The whistleblowing designated officers are the Chief Legal Officer (legal officer responsible for Smart Factoring CLO), and the Data Protection Officer (DPO). The split is listed below:

The designated officers shall perform the following actions:

- Once the whistleblowing report is received, the DPO or CLO confirms the receipt to the whistleblower within 7 days after receipt by replying to the email sent by the whistleblower.
- If the report is made verbally, the DPO and CLO shall document the statements in the below templated form and provide it to the whistleblower for review and signature.

| Whistleblowing Report Form | | | | | | | | |
|----------------------------------|----------------------------------|--|---|---|---|-------------------------|------------------------------------|-------------------------|
| Person/s who received the report | Date of submission of the report | Persons affected, if such information is contained in the report | Summary data on the alleged violation, (place and period) | Connection of the report with other reports | Feedback provided to the person who submitted the report and date | Follow-up actions taken | Results of the check on the report | Report retention period |
| | | | | | | | | |

- The CLO and the DPO shall review the reports submitted by SF Personnel, confirm that the identity of the whistleblower and any other person named in the report are kept confidential and take the necessary measures to limit access to the report by unauthorized persons.
- The CLO and the DPO shall maintain contact with the whistleblower, requesting additional information from them and third parties if necessary. Where possible, the CLO and DPO shall request and verify, additional sources of information supporting the statements made in the report and/or references to documents, events, including indicating additional individuals who could confirm the reported data and/or provide additional information.
- The CLO and the DPO shall verify the credibility of each report and confirm that the submitted report falls within the scope of the applicable law and the content of which do not give reasons to consider the report implausible.
- The DPO shall maintain a register of the submitted signals managed. This register shall be accessible to the CLO and where necessary others upon request and upholding the confidentiality principle inherent to this procedure. The register contains information regarding:
 1. person/s, who received the report;
 2. date of submission of the report;
 3. persons affected, if such information is contained in the report;
 4. summary data on the alleged violation, such as place and period of the violation, description of the act and other circumstances under which it was committed;
 5. connection of the transmitted report with other reports;

6. information that was provided as feedback to the person who submitted the report and the date of provision of such;
7. follow-up actions taken;
8. results of the check on the report;
9. report retention period.

Scenario 1: In the event that the DPO and the CLO determine that the report does not cover the above requirements and/or the report contains any patently false or misleading statements of fact, they shall:

- a) Send a message to the whistleblower, within 7 days after confirming the receipt of the whistleblower's report, with instructions on how to rectify any false and/or incorrect statements and inform them regarding their liability regarding patently false or misleading statements made.
- b) Provide the whistleblower with the possibility to eliminate the admitted irregularities within 7 days. If the irregularities are not corrected within this period, the report together with the attachments to it is returned to the whistleblower.
- c) Provide the whistleblower with the opportunity to object to the decision within 7 days, subject to the whistleblower's protection.
- d) If the objection is not accepted, the CLO and the DPO shall dismiss the report and inform the whistleblower.

Scenario 2: In the event that the DPO and CLO determine that the facts presented in the report are confirmed, they shall:

- a) Organize the taking of follow-up actions in relation to the report, for which purpose they may require the assistance of other persons or units in the structure of the Company.
- b) Where possible, with the support of SF LT take specific measures with the aim of stopping or preventing the violation in cases where it has been established or there is a real danger that the violation will occur.
- c) Provide feedback, to the whistleblower and:
 - inform them about the actions taken within a period of no longer than 90 days after confirming the receipt of the report,

- provide an opportunity for them to present and indicate new evidence to be collected in the course of the inspection,
 - provide the whistleblower with all the evidence collected and
 - give them the opportunity to object to it within 7 days, subject to the whistleblower's protection.
- d) Direct the whistleblower to the competent authorities when their rights are affected and provide them with clear and easily accessible information on the procedures for external reporting to the competent national authority, and when appropriate - to the institutions, bodies, services and agencies of the European Union.
- e) Forward the signal to the external whistle-blowing authority if it is necessary to take action on its part and notify the whistleblower in advance of such forwarding. In case the report is filed against the whistleblower's employer, the officer in charge of investigating the report directs the whistleblower to simultaneous report to the external whistleblowing authority.
- f) The DPO forwards the confirmed report to the external whistle-blowing authority, when it is the Commission for Personal Data Protection.

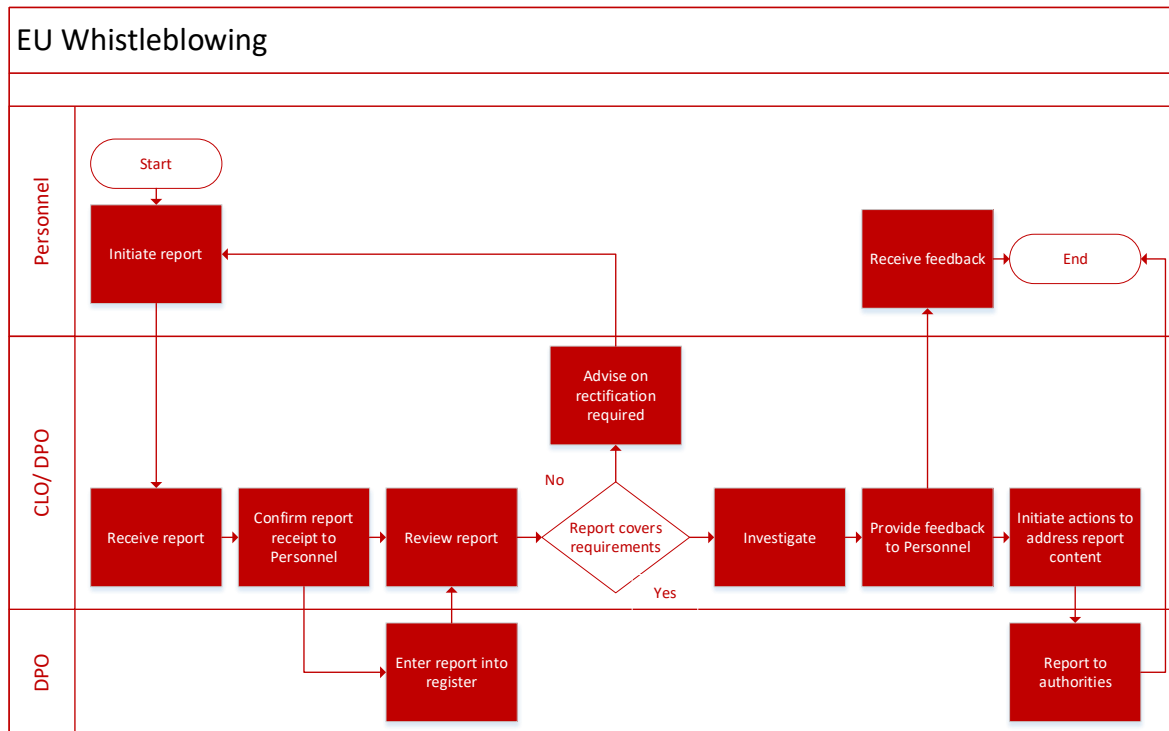
Scenario 3: The DPO and CLO shall dismiss the report when:

- a) the violation, for which the report was filed, is a minor case and does not require any additional follow-up actions and/or is fully anonymous,
- b) the report is a repetition of a previous report and does not contain any new information of essential importance for a violation in respect of which an investigation has already been completed, unless new legal or factual circumstances justify the taking of subsequent actions,
- c) evidence of a committed crime is established. In such an event, the whistleblowing procedure is overruled, the report and the materials to it are sent immediately to the prosecutor's office by the Chief Legal Officer and/or a designated member of their team.

In the above scenarios, the DPO and CLO shall communicate to the whistleblower a report briefly describing the actions taken, the final results of the check and the reasons for the decision. In such cases, the whistleblower may file a report with the national body for external whistleblowing.

5. Process Flow and Responsibilities Assignment/ Визуализация на процеса и разпределение на задълженията

The illustrative flowchart of the process is as below:



| Activity Description | Employee | CLO | DPO |
|--|----------|------|------|
| Initiate report | R, A | I | |
| Receive report | | R, A | R, A |
| Confirm report receipt to Personnel | I | R, A | |
| Enter report into register | | I | R, A |
| Review report | | R, A | R, A |
| Advise on rectification required | I | R, A | R, A |
| Investigate | | R, A | R, A |
| Provide feedback to Personnel | I | R, A | |
| Receive feedback | R, A | | |
| Initiate actions to address report content | I | R, A | R, A |
| Report to authorities | | C | R, A |

R- Responsible/ Отговорност, A- Accountable/ Отчетност, C- Consulted/ Консултация.

6. Policy Compliance and Maintenance

6.1. General Compliance

The SF Whistleblowing Procedure is an integral part of the company's overall Policies and Procedures Framework. It is expected that all SF Personnel will comply with the provisions of this Procedure.

6.2. On-going Review

This document shall be reviewed at least on an annual basis, adhering to internal guidelines for continued pertinence of the business documentation, to ensure that the policies and procedures reflect the latest regulatory requirements and any changed business processes and circumstances. It must be noted that this Procedure may be amended at any time without prior SF Personnel's consent.

6.3. Comments and Suggestions/ Коментари и предложения

Naturally, this Procedure will be a living document. Among other things this means that the compilers welcome all forms of comment. If any questions, comments or suggestions regarding the content exist, these shall be directed to the Global Head of HR Compliance.