



***ITALIAN LEGISLATIVE DECREE  
8 JUNE 2001, N. 231  
ORGANISATION  
MANAGEMENT AND CONTROL MODEL***

**Dell'Orto S.p.A.**

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## **PREMISES**

Italian Legislative Decree no. 231 of 8 June 2001 (hereinafter “Leg. Decree 231/01”), concerning the “Regulations governing the administrative liability of legal persons, companies and associations including those without legal status” introduced the liability of entities in the Italian legal system. The Decree introduced significant regulatory and cultural changes: alongside the criminal liability of the natural person who commits an offence, the criminal liability of the Entity to the advantage or in the interest of which the offence is committed is also envisaged by the Decree. Organisation and Management Models have been prepared and implemented, being suitable for preventing the commission of crimes.

By resolution of the Board of Directors dated 30.10.2018, **Dell’Orto S.p.A.** (the “**Company**”) adopted the Italian Legislative Decree 8 June 2001, n. 231 Organisation, Management and Control Model (the “**Model**”).

The Model, which is currently organized in different sections, defined its “**Model principles**”, describing the content of Legislative Decree n. 231/01, the objectives of the Model and its implementation.

### **1. Italian Legislative Decree: framework**

#### **1.1 Crimes and offences that determine administrative liability**

Specifically, Entities’ administrative liability may arise from the crimes/offences listed in Leg. Decree 231/01 and more precisely:

- i) Crimes against the Public Administration. The crimes pursuant to articles 24 and 25 of Leg. Decree 231/01, as modified by Law 69/2015,
- ii) Computer Crimes. The crimes pursuant to articles 7 of Law n. 48/2008, introduced by article 7 of Italian Law no. 48 of 18 March 2008, which introduced article 24-bis in Leg. Decree 231/01 which introduced in Leg. Decree n. 231/01 art. 24-bis, and modified by Leg. Decrees n. 7 and 8 of 2016,
- iii) Organised crime offences. The crimes pursuant to article 2, paragraph 29, of Italian Law no. 94 of 15 July 2009, which introduced article 24-ter in Leg. Decree 231/01, then modified by Law 11 December 2016, n. 236,
- iv) Crimes regarding forgery of money, public credit cards and stamp duties” The crimes pursuant to articles 6 of Leg. Decree n. 350/2001, modified by Law n. 409/2001, which introduced article 25-bis in Leg. Decree 231/01, then modified by Leg. Decree 125/2016,
- v) Crimes against the industry and trade, introduced by article 15, paragraph 7, letter b) of Italian Law no. 99 of 23 July 2009, which introduced article 25-bis.1 in Leg. Decree 231/0.

- vi) Corporate Crimes, introduced by Italian Legislative Decree n. 61 of 11 April 2002, which introduced article 25-ter in Leg. Decree 231/01, then modified by Law 69/2015, and Leg. Decree of 15 March 2017 n. 38.
- vii) Crimes committed for the purpose of terrorism or subversion of the democratic order, introduced by Italian Law n. 7 of 14 January 2003, which introduced article 25-quater in Leg. Decree 231/01.
- viii) Crimes involving the mutilation of female genital organs, introduced by Italian Law n. 7 of 9 January 2006, which introduced article 25-quarter.1 in Leg. Decree 231/01.
- ix) Crimes against the Individual, introduced by Italian Law n. 228 of 11 August 2003, which introduced article 25-quinquies in Leg. Decree 231/01, then modified by Law n. 199/2016.
- x) Market abuse crimes, introduced by Italian Law n. 62 of 18 April 2005, which introduced article 25-sexies in Leg. Decree 231/01.
- xi) Crimes involving Health and Safety at Work (art. 589 and 590), introduced by Italian Law n. 123 of 3 August 2007, which introduced article 25-septies in Leg. Decree 231/01.
- xii) Crimes of Receiving Stolen Goods, Money Laundering and Utilization of Money, Goods or Benefits of Unlawful Origin, as well as Self-laundering, introduced by Italian Legislative Decree n. 231 of 21 November 2007, which introduced article 25-octies in Leg. Decree 231/01 648, 648 *bis*, 648 *ter* and 648 *ter.1* c.p., then modified by Law n. 186/2014.
- xiii) Copyright crimes, introduced by article 15, paragraph 7, letter c) of Italian Law n. 99 of 23 July 2009, which introduced article 25-novies in Leg. Decree 231/01,
- xiv) Crime of inducement not to make statements or to make false statements to the judicial authorities, introduced by article 4 of Italian Law n. 116 of 3 August 2009, which introduced article 25-decies in Leg. Decree 231/01 Law n. 116/2009 to ratify and execute the United Nations Convention against corruption, which introduced in Leg. Decree n. 231/01 art. 25-*decies*.
- xv) Environmental Crimes, introduced by article 2 of Italian Legislative Decree n. 121 of 7 July 2011, which introduced article 25-undecies in Leg. Decree 231/01 then modified by Law n. 68/2015.
- xvi) Crime of employing illegally staying third country nationals, introduced by Italian Legislative Decree n. 109 of 16 July 2012, regarding "Implementation of directive 2009/52/EC providing for minimum standards of sanctions and measures against employers of illegally staying third country nationals", which introduced article 25-duodecies in Leg. Decree 231/01; then modified by Law 17 October 2017 n. 161,

- xvii) Crimes against racism and xenophobia, which introduced art. 5, par. 2, of Law 20 November 2017, n. 167 in the Leg. Decree, then modified by art. 7, par 1, lett. c) of Leg. Decree 1 March 2018, n. 21, which abrogated art. 3, par 3-*bis* of Law 654/1975 in the Decree (art. 25-*terdecies*)<sup>1</sup>.
- xviii) Transnational crimes, introduced by Italian Law no. 146 of 16 March 2006 “Law ratifying and implementing the United Nations Convention and Protocols against transnational organized crime”.

## 1.2 Crime perpetrators

Leg. Decree 231/01 requires that if the crimes have been committed by one of the parties here indicated, the Company is deemed liable:

- i) “Senior Management”. Pursuant to article 5 of Leg. Decree 231/01, the persons holding a representation, administration and management role in the entity or one of its organisational units provided with financial and functional independence, as well as by persons who, *de facto* or otherwise, manage and control the Company (“**Top level subjects**”).
- ii) “Subordinate Persons”. Pursuant to article 5 of Leg. Decree 231/01 and on the basis of prevailing legal theory, persons – whether employed or not – subject to the direction and supervision of Senior Management. (“**Subordinates**”).

## 1.3 Crimes committed abroad

In the cases and under the conditions foreseen by Articles 7, 8, 9 and 10 of the Penal Code, Companies having their head office in State territory shall respond also in relation to crimes committed abroad, provided the State of the place where the fact has been committed does not take action against them.

Moreover, foreign agencies operating on the Italian territory (as branches, agents, representations) shall submit to Leg. Decree n. 231/01.

## 1.4 Liability of the Company

In the event that one of the predicate offences (illustrated in following paragraph 1.3) is committed, Company is liable only if specific conditions occur,:

- i) One of the predicate offences pursuant Leg. Decree 231/01 is committed;
- ii) Liability of a person holding a representation, administration and management role in the Company or one of its organizational units. (Senior Management or Subordinate Persons).

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<sup>1</sup> Pursuant to art. 8, par 1, Leg. Decree 1 March 2018, n. 21, since 6 April 2018 any reference to directive in art. 3, par 3-*bis* of Law 654/1975, refers to “*Propaganda and incitement due to racial ethnical and religious discrimination*” crime (art. 604-*bis* c.p.)

- iii) The crime be committed by the aforementioned persons “in the interest or for the benefit of the company”;
- iv) The Company has not complied with the application and implementation of the Model.

### **1.5 Administrative penalties**

Penalties for unlawful administrative acts relating to offences are:

- (a) Fines;
- (b) Disqualification;
- (c) Seizure;
- (d) Publication of the decision.

### **1.6 Conducts of non liability**

If the crime has been committed by the persons indicated in art. 6 and 7 of Leg. Decree n. 231/01, the Company is not deemed liable. With regard to the subjective criteria considered for imputation of the crime to the Company, they establish the conditions upon which the crime is “attributable” to the Company (see Top Level Subjects). For this reason, the Decree establishes that the Company’s liability may be excluded if, prior to commission of the event:

- i) The management has adopted and effectively implemented, prior to the commission of the fact, models of organization and of management suitable to prevent crimes of the same sort as the one committed;
- ii) A control body (Supervisory Board) has been set up, with powers of autonomous initiative and tasked with the duty of supervising the functioning of the Organization and Management Models.
- iii) The persons have committed the crime fraudulently eluding the models of organization and of management;
- iv) Supervision has not been omitted or insufficient by the control body (Supervisory Board).

In the event that the crime was committed by a Subordinate Person, art.7 Leg. Decree 231/01 states the Company to be liable only if the commission of the crime was made possible because of non-observance of the management and supervision obligations.

With regard to the effectiveness of the Model, the Legislator establishes under article 6, paragraph 2 of Leg. Decree 231/01 that the Model must meet the following requirements:

- Identification of the activities during which crimes may be committed (so-called “mapping” of risk activities);
- Setting up of specific protocols targeted at planning the formation and implementation of Company decisions regarding the crimes to be prevented;
- Identification of appropriate financial resource management methods for preventing the commission of crimes;
- Obligation to provide information to the body tasked with overseeing the implementation and observance of the models;

- Introduction of a suitable disciplinary system for inflicting sanctions on non-compliance with the measures indicated in the Model.

## **2. ORGANIZATION AND MANAGEMENT MODEL**

### **2.1 The Model and the reason why it has been adopted**

In order to ensure conditions of legality, fairness and transparency in carrying out its business, the Company has decided to implement and periodically update its Organization, Management and Control Model in accordance with the Decree. The Model, therefore, is intended for all those who work with the Company. These persons (Board of Directors, employees, third parties such as consultants, suppliers, and partners) must have knowledge of and comply with the provisions contained in it.

The Company is sensitive to the need to spread and strengthen the culture of transparency and integrity. This is the reason why it set up a Supervisory Board designed to oversee the implementation and observance of the Model in compliance with the provisions laid down by the Decree. It is also aware of the importance of ensuring fairness in the conduct of its business and in corporate activities in order to protect its position and business image. For this reason it adopts the Organization and Management Model provided for by the Law on a voluntary basis and establishes its principles of reference.

The Model was drawn up by referring to the Guidelines approved by Confindustria both while selecting procedures and preventing individual crimes.

### **2.2 Structure of the Model**

The Model consists of:

- General Part, in which the functions and principles of the Model are explained and its key components are identified and regulated, plus the Code of Ethics;
- Special Parts, based on different types of risk generating activities leading to possible crimes as specified in Leg. Decree 231/01. General behavioral activities have been implemented especially concerning the Company field of action, in order to prevent more risky situations.

### **2.3 Description of Crimes against the Public Administration**

Having regard to the crimes involving the concept of the administrative liability of Organizations, Leg. Decree n. 231/01 refers to the differing types of crime committed in relations with the Public Administration and other Public Entities, being part of the Italian State, of the European Union and of foreign countries.

The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.

## **2.4 Description of Corporate Crimes**

Criminal laws pursuant to art. 2621, 2622, 2625, 2626, 2627, 2628, 2629, 2629-bis, 2632, 2633, 2635, 2635 bis, 2636, 2637 and 2638 c.c. refer to art. 25-*ter* of Leg. Decree n. 231/01.

The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.

## **2.5 Description of Crimes involving Health and Safety at Work**

Art. 9 Law n. 123/2007 introduced art. 25-*septies* in Leg. Decree n. 231/01 regarding offences of negligent manslaughter and serious or very serious negligent assault committed in violation of regulations concerning safety and the protection of health in the workplace pursuant art. 589 and 590, third par.

Therefore, in light of regulations concerning safety and the protection of health in the workplace to which the Company and its employees are submitted due to Leg. Decree 81/2008, and in particular to art.30, a new organization analysis has been performed, focusing on the most sensitive activities relevant to those crimes.

## **2.6 Description of Crimes of Receiving Stolen Goods, Money Laundering and Utilization of Money, Goods or Benefits of Unlawful Origin, as well as Self-laundering**

Art. 25-*octies* of Leg. Decree n. 231/01 refers to the administrative responsibilities of the Company to the crimes of Receiving Stolen Goods, Money Laundering and Utilization of Money, Goods or Benefits of Unlawful Origin, as well as Self-laundering, pursuant art. 648, 648-bis, 648-*ter* e 648-*ter*.1 c.p. The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.

## **2.7 Description of Computer Crimes and unlawful processing of data**

Art. 24-*bis* of Leg. Decree n. 231/01 refers to the administrative responsibilities of the Company to the crimes on computer and unlawful processing of data.

The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.

## **2.8 Description of Crime against the industry and trade**

Art. 25-*bis*.1 of Leg. Decree n. 231/01 refers to the administrative responsibilities of the Company to the crimes against the industry and trade, namely, Fraudulent trade (art. 515 c.p.), Stock manipulation (art. 517 c.p.), Fraudulent competitive actions (art. 513 *bis* c.p.).

The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.



## **2.9 Description of Environmental Crimes**

Art. 25-*undecies* of Leg. Decree n. 231/01 refers to the administrative responsibilities of the Company to the crimes against the environment.

The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.

## **2.10 Description of the Crime of Bribery among private individuals**

Law 6 November 2012, n. 190 introduced the crime of bribery among private individuals, pursuant art. 2635 of Civil Code.

Leg. Decree 15 March 2017, n. 38 modified its structure and introduced the crime "*incitement to corruption among private individuals*" (art. 2635-bis, c.c.).

The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.

## **2.11 Employment of citizens of third party countries lacking immigration authorization**

Art. 25-*duodecies* Leg. Decree n. 231/01 refers to the administrative responsibilities of the Company when hiring third party countries lacking immigration authorization.

Moreover, Law 29 October 2016, n. 199 introduced "*Illegal intermediation and exploitation of labor*" (art. 603-bis, c.p.) in Leg. Decree n. 231/01.

The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.

## **2.12 Description of Crimes regarding forgery of money, public credit cards and stamp duties**

Crimes pursuant art. 25-*bis* of the decree punish different misbehaviors such as forgery of money, public credit cards and stamp duties.

The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.

## **2.13 Description of transnational and Organized Crime Offences**

Law n. 146, dated 16 March 2006, which ratified the Convention and the Protocols of the UN against transnational organized crime offences was modified by Leg. Decree 21/2018, refer to transnational offences.

Moreover, Law 15 July 2009, n. 94, concerning public security regulations introduced art. 24-*ter*. "*Organized crime offences*" in Leg. Decree 231/01.

The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.

## **2.14 Description of crimes on Racism and xenophobia**

The 2017 European Law, approved on November 8, 2017, regulates the obligations arising from Italy's membership of the European Union (the "**2017 EU Law**"). Amongst many other provisions, the 2017 EU Law has added a number of additional crimes to the list of the 231 Crimes. More precisely, the new Article 25-*terdecies* of the 231 Decree ("*Racism and Xenophobia*") punishes propaganda and incitement aimed at denying, minimizing or condoning the Shoah, criminal offences of genocide, crimes against humanity, and war crimes. The Company has carried out an action to detect relevant Sensitive Areas, in order to better implement the Supervisory system in force.

### **3. SUPERVISORY BOARD**

#### **3.1 The characteristics of the Supervisory Board**

The Supervisory Board (hereinafter SB) is entitled within the Company not only to independently monitor the model compliance, but also its implementation, update, proposing modifications to the Company Board.

SB is composed of selected subjects who are deemed professionally more inclined and skilled for the task.

The Company Supervisory Board consists of three members: two are selected among the Statutory Auditors and those having experienced legal, administrative and control responsibilities (L.D. 231/2001), therefore adequately prepared for such tasks (external members), plus a member within the SB.

SB has adopted its Regulations, governing members' appointment, composition, appointment duration, activities, tasks, powers and responsibilities.

#### **3.2 Members' Appointment**

In order to ensure an effective and efficient implementation of the Model, the Supervisory Board should have the following characteristics:

- a) **Autonomy and independence.** The requirements of autonomy and independence are essential to ensure that the SB is not directly involved in the management activities it controls and that it is not influenced or interfered with by the governing body.
- b) **Professionalism.** The SB must have technical and professional skills suited to the duties it is required to perform. These characteristics, combined with independence, ensure impartial judgement.
- c) **Continuity of action.** The SB must:
  - Carry out on a continuous basis the activities required for monitoring the Model with adequate commitment and the necessary investigatory powers;
  - Be referable to the Company, so as to ensure continuity while carrying out its supervisory activities.

SB members are chosen amongst qualified individuals, with expertise in legal matters and internal control systems, and/or specialized technicians. SB members must meet the following requirements:

- Not be subject to temporary disqualification or suspension from holding managerial offices in legal entities and companies;
- Not be in any of the conditions of ineligibility or forfeiture referred to in article 2382 of the Italian Civil Code with reference to directors and

applicable – for the purposes of the Model – also to the single members of the SB;

- Lack of autonomy and independence, professionalism, continuity of action;
- Be non-complying with Model requirements.

Members have the faculty to inform the Board of Directors about their decision to leave the SB, explaining the reasons of their choice.

Should the above mentioned occur, the Board must promptly replace such member, with a specific resolution.

### **3.3 Tasks of the Supervisory Board**

Within the context of the duty described above, the SB has the following tasks:

- Compliance with liability of legal entities especially as provided by Leg. Decree n. 231/01;
- Compliance with Model resolutions;
- Compliance with Model to prevent from crimes pursuant Leg. Decree n. 231/01 the Company decided to implement protecting actions;
- On the basis of the activity plan previously determined by the SB, periodically verify and conduct targeted inspections on specific transactions or acts, especially within the modified Risk Areas.

Moreover, the duties of the SB is generally to:

- Supervise the effectiveness of the Model, that is, supervise that the conduct implemented within the Company corresponds to the Model drawn up and that its Recipients behave in compliance with the requirements contained in Leg. Decree n. 231/01;
- Verify the effectiveness and appropriateness of the Model, that is, verify that it is suitable for preventing the occurrence of the crimes referred to in the Decree;
- Periodically verify the adequacy of the Company Controls within the Risk Areas, as detailed in the Model Special Parts;
- Promote adequate initiatives aimed at spreading knowledge and understanding of the Model;
- Gather, process and store relevant information regarding the Model;
- Verify that the Corporate Controls referred to in the Model for the different types of crimes are actually adopted and implemented and that they comply with the requirements;
- Make sure any record is readable and easily identified and tracked;
- Periodically verify the adequacy of the Corporate procedure concerning the identification, storage, protection, retrieval, retention and disposal of records;

- Coordinate with different company areas to monitor Areas and Sensitive Activities;
- Conduct internal investigations to verify the suspected violation of the requirements of this Model;
- Monitor that the Model is constantly updated and propose to the Board of Directors its amendment, where necessary, in order to adjust it to organizational and legislative changes as well as changes in the corporate structure.

### **3.4 Supervisory Board's reporting obligations**

The SB's obligations to inform the company members based on the following reporting *guidelines* are:

- the SB also informs the Managing Director promptly of any significant problems that arise with respect to its activities;
- specific periodical/occasional information flows towards the Board of Directors and the Board of Auditors. As part of a six-monthly and yearly report, on the progress of its plan of activities, together with any changes made to it, and on the implementation of the Model.

The SB must be immediately informed by all company staff, as well as by third parties obliged to comply with the Model, of any fact regarding the possible violation of the Model.

Therefore:

- the SB shall acquire from the Board of Directors all the elements needed to submit communications to the structures in charge of assessing and applying disciplinary sanctions relevant to the Model and the Code of Ethics;
- The SB must be immediately informed by all company staff, as well as by third parties obliged to comply with the Model, of any fact regarding the possible violation of the Model;
- SB's duty is to analyze any report regarding the disciplinary proceedings set up by the Company in relation to the violation of the Model, the Code of Ethics, corporate procedures, and to the sanctions applied at the outcome of the proceedings, with explanation of the reasons legitimizing the application of the sanctions or any decisions to close the file or not apply the sanctions;
- The reports must be submitted to the SB in writing and detail specifically violations or suspect of violation of Model provisions;
- The Company's SB takes steps to ensure that whoever makes a report is not subject to any form of retaliation, intended as any act that could give rise even to the suspicion of discrimination or penalization. The SB guarantees adequate confidentiality to individuals who provide information or make reports, without prejudice to the requirements of law and the protection of the Company's rights;

- The SB guarantees adequate confidentiality to individuals who provide information or make reports, without prejudice to the requirements of law and the protection of the Company's rights.

In order to comply with its duties, SB shall have full access to company's documents and information details.

Third Parties shall promptly inform SB when asked or in contact with a request to violate the listed provisions.

In any case, the heads of the departments/functions affected by the activities at risk of offence provide the SB with any information which may be useful for verifying the correct implementation of the Model. More specifically, they must inform the SB of any anomalous or atypical aspect encountered during their activities and submit all relevant information available. The reports must be submitted to the SB in writing and sent to the email address specifically set up **odv@dellorto.it**, or to Supervisory Board of the Company, at the registered office in Seregno (MB), Via Raffaello Sanzio, n. 2.

The Company's SB takes steps to ensure that whoever makes a report is not subject to any form of retaliation, intended as any act that could give rise even to the suspicion of discrimination or penalization. The SB guarantees adequate confidentiality to individuals who provide information or make reports, without prejudice to the requirements of law and the protection of the Company's rights. All company staff and third parties shall inform BS concerning:

- Any measures and/or information from judicial police departments or any other authority indicating that investigations are underway for crimes covered by the Decree which may involve the Company, also in regard to unknown persons;
- Requests for legal assistance, submitted by executives and employees, in the event of legal proceedings for the offences referred to in the Decree;
- The copy of any communications, requests for information or order to produce documents to/from any public authority, relating directly or indirectly to circumstances that may lead to liability pursuant to the Decree;
- Any reports regarding the disciplinary proceedings set up by the Company in relation to the violation of the Model, the Code of Ethics, corporate procedures, and to the sanctions applied at the outcome of the proceedings, with explanation of the reasons legitimizing the application of the sanctions or any decisions to close the file or not apply the sanctions;
- Decisions regarding the request, disbursement and use of public loans, if any.

#### **4. CODE OF ETHICS**

The Company, all consultants, suppliers and generally any third party on behalf of the Company must operate, at all times and without exception, with integrity and diligence, in full compliance with the principles of fairness and legitimacy

provided for in the ethical codes, excluding any discrimination based on sex, race, language, personal conditions, religion and political belief.

This is the reason why the Company has adopted the principles pursuant to Leg. Decree n. 231/01 by the Model, which the Code of Ethics is an integral part, being an Attachment (c) of the above mentioned Model.

## **5. SYSTEM OF SANCTIONS**

### **5.1 General principles**

Articles 6, paragraph 2, letter e) and 7, paragraph 4, letter b) of the Decree lay down that Organization and Management Models must *“introduce a disciplinary system suitable for punishing the failure to comply with the measures indicated in the model”*, for Senior Management and Subordinate Persons, respectively. The Company is aware and declares that the preparation of an appropriate System of Sanctions against the violation of the rules and provisions set out in the Model and related Corporate Controls is a key condition to ensure the effectiveness of the Model.

### **5.2 Sanctions for Employees’ disciplinary offences**

#### **5.2.1 Sanctions applicable to Employees**

Misconduct by employees in violation of the Code of Ethics as specified in company protocols and its update documents is known as disciplinary wrongdoing. The sanctions applicable to employees, excluding therefrom executives, in violation of the Code of Ethics are those envisaged by the National Collective Labor Agreement (“CCNL”) pursuant to art. 7 of Law n. 300/1970 and special applicable regulations.

Disciplinary offences consist of conduct held by employees, including executives, that infringes the rules and behavioral principles set forth in the Model. The type and severity of the sanctions applied to each single case may vary in relation to the seriousness of the offences and on the basis of different criteria:

- 1) Non-compliance by employees with the Code of Business Ethics may result in the following measures, which shall be taken by employer in relation to the magnitude of such non-compliance and the circumstances associated therewith: (i) reprimand administered orally in the instance of less serious non-compliance, (ii) reprimand administered in writing in the instance of recurring violations, (iii) fine in an amount not in excess of the amount equating 4 hours of normal remuneration, (iv) suspension from remuneration and from service, (v) disciplinary dismissal with notice for employees:
  - a) who do not comply with Model provisions, its attachments, company protocols (i.e. information flow to SB, periodical filling of forms for Model effectiveness, performance of verifications required, etc.) and/or do not comply with procedures timely

implemented by the Company, due to update and implementations to Model which will be promptly communicated;

- b) whose behavior, while performing Sensitive Activities (as in the Model Special Part), does not comply with Model provisions, its attachments, company protocols and update activities.

Reprimand administered orally and in writing will be the instance of less serious non-compliance whereas fines, suspension and disciplinary dismissals with notice will be of more serious non-compliance instance, all based on a case by case decision;

2) the disciplinary dismissal without notice in advance occurs in case of employees:

a) who repeatedly violate the procedures specified by the Model, or who, in performing activities in sensitive areas, repeatedly adopt a behavior not conforming to the prescriptions of the Model.

b) who do not comply with Model provisions, its attachments, company protocols and update activities, or who, in performing activities in sensitive areas, repeatedly adopt a behavior not conforming to the prescriptions provided for in such documents. The Company may also proceed with summary termination in the event of misconduct so serious as to preclude the continuation of the employment relationship even on a temporary basis

Pursuant to art. 7 Law n. 300/1970, of the CCNL and Model, SB shall monitor the application and effectiveness of the disciplinary system here above detailed.

### 5.2.2 Sanctions applicable to executives

The more appropriate measures pursuant to the provisions of the CCNL shall be applied with respect to any executive who:

- a) violates the Model provisions, its attachments, company protocols and update activities (timely implemented by the Company due to update and promptly communicated integrative sections),
- b) who, in performing activities in sensitive areas, repeatedly adopts a behavior not conforming to the prescriptions provided for in the above listed documents,

Also in consideration of the specific relationship of trust and of the position of guaranteeing and monitoring the observance of the rules established in the Model that characterizes the relationship between the Company and the executive, in compliance with current legal provisions and with the National Collective Labor Agreement for executives applicable to the Company, executives will be dismissed with prior notice or dismissed with just cause, in very serious cases.

### 5.3 Sanctions applicable to Directors

In the event of violation of the Model by one or more members of the Board of Directors, the SB informs the Board of Statutory Directors and the entire Board of Directors which will take the appropriate measures provided for by law. Suitable disciplinary measures shall be applied in case of negligent and/or incompetent conduct in the fulfilment of prescriptions and regulations provided

for in the Model, and having failed to report and act upon any violation of the Model and the Code of Ethics.

#### **5.4 Sanctions applicable to Statutory Auditors and Auditing firm**

In the event of violation of the Model by one or more Statutory Auditors, the SB informs the entire Board of Statutory Directors and the Board of Directors which will take the appropriate measures provided for by law. Suitable disciplinary measures shall be applied in case of negligent and/or incompetent conduct in the fulfilment of prescriptions and regulations provided for in the Model, and having failed to report and act upon any violation of the Model and the Code of Ethics.

#### **5.5 Sanctions applicable to Third Parties**

In the event of violation of the Model and Code of Ethics by Third Parties, its principles, procedures, lines of conduct, the Company has the right to immediately terminate the contract and should conditions exist, claim damages.

#### **5.6 Sanctions applicable to those who violate *whistleblowing* actions**

As provided by par 2-*bis*, art. 6 of Leg. Decree n. 231/01, should disciplinary measures protecting the whistleblower be breached as per par 6.4.4 of the Model and/or in case of those who report suspected (and ungrounded) infringements in bad faith against:

- 1) Employees: disciplinary sanctions as per par 8.1.1 shall be applied;
- 2) Executives: disciplinary sanctions as per par 8.1.2 shall be applied;
- 3) Directors: disciplinary sanctions as per par 8.2 shall be applied;
- 4) Statutory Auditors and Auditing firm: disciplinary sanctions as per par 8.3 shall be applied;
- 5) Third Parties: any measure allowed under contract as per par 8.4 shall be applied;
- 6) SB members: disciplinary measures as per par 6.1 of Model shall be applied.

## **6. INFORMATION AND TRAINING OF PERSONNEL**

### **6.1 General Principles**

The methods used for spreading the Model must guarantee its full disclosure and ensure that Recipients become familiar with the procedures and controls to be followed in order to comply with their duties and with the contractual obligations set up with the Company.

### **6.2 To Senior Management and Subordinate Persons**

Model shall be communicated to the Company bodies.



### 6.3 To employees

Communication and training activities are supervised by the SB which avails itself of competent structures entrusted, inter alia, with the following tasks: •Promoting initiatives for disseminating knowledge and understanding of the Model, the contents of Leg. Decree 231/01 and the impact of the legislation on the Company's activities; •Promoting training and actions to raise awareness in personnel so they may comply with the principles contained in the Model; •Promoting and coordinating initiatives aimed at facilitating knowledge and understanding of the Model by Recipients.

Training programmes are define by SB in compliance with Board of Directors.

### 6.4 To Third Parties

The Company's objective is to spread the contents and principles of the Model also to Subordinate Persons and Third Parties who work – even on a casual basis – to achieve the Company's objectives as a result of contractual relationships.

## 7. THIRD PARTIES' OBLIGATIONS PURSUANT LEG. DECREE 231/2001

The principles and contents of the Model and of the Code of Ethics are also brought to the attention of all those who, though not employees of the Company, act on behalf of the Company performing services in its interest, such as contractors, agents, suppliers or other parties entered into contractual relations with the Company that imply the carrying out of activities for or on behalf of it. Commitment to respect the law and the reference principles of the Model by these parties must be provided for by specific clause in relative contracts. Such clause must include the right for the Company to proceed with the application of forms of protection of the Company (e.g. termination of the contract, application of penalties) where a violation of the principles and contents of the Model is identified. The Company will assess the most relevant cases in which to require third parties to comply with requests for information or for the presentation of documents formulated by the Supervisory Board of the Company and to report directly to the Supervisory Board of the Company any violations by third parties of the Model, the principles set forth in the Code of Ethics or the procedures established for their implementation.

The Company believes that the adoption of the Model – together with issuing of its Code of Ethics – supplemented and updated to this version, is a further valid tool, alongside the provisions laid down by law, to raise awareness in all of its employees and whoever works for various reasons with the Company. The Model allows them to engage in fair and transparent behavior when performing their activities, in line with the ethical and social values that inspire the Company in pursuing its corporate purposes, and to prevent the risk of commission of the crimes set out in the Law.