



**ORGANISATION, MANAGEMENT AND CONTROL MODEL  
ADOPTED PURSUANT TO LEGISLATIVE DECREE 231/01**

**GENERAL SECTION**

*Approved by the Board of Directors on 22 November 2022*

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## **1 RECIPIENTS OF THE GENERAL SECTION**

This General Section of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 of Total Solution Interiors (hereinafter the “Company” or “TSI”) is intended for the recipients (hereinafter the “Recipients”) listed below, who undertake to comply with its contents:

- Directors, managers and senior executives of the Company (aka C-Suite);
- Employees of the Company (aka internal direct reports).

By virtue of specific acceptance or pursuant to specific contract terms and conditions, the following third parties (hereinafter “Third Parties”) may be required to abide by specific obligations to comply with the contents of this General Section:

- Contractors, consultants and, in general, self-employed persons;
- Suppliers and partners (including temporary consortia, staff leasing companies and joint ventures);

insofar as they act on behalf or in the interest of the Company in business areas identified as sensitive within the Organisation, Management and Control Model.

Third Parties as defined above shall also include those who have a contractual relationship with other Group companies but in point of fact act – to a significant extent and/or on an ongoing basis – on behalf or in the interest of the Company.

## **2 ADMINISTRATIVE LIABILITY OF COMPANIES**

### **2.1 ADMINISTRATIVE RESPONSIBILITY APPLICABLE TO LEGAL ENTITIES, COMPANIES AND ASSOCIATIONS**

For the first time in Italy, Legislative Decree 231/2001 – setting forth the “Regulations on the administrative liability of legal entities, companies and associations, whether incorporated or otherwise – introduced (for the first time in Italy) criminal liability applicable to entities for certain offences committed in their interest or to their advantage, by persons related with them.

Legislative Decree 231/2001 applies *to companies, businesses and associations, whether incorporated or otherwise*, excluding the State, local public entities, other non-economic public entities, and entities performing functions of constitutional importance.

In essence, the aforesaid Legislative Decree can be deemed to apply to the following organisations: limited companies and cooperatives, foundations, associations, private and public economic entities, private entities performing public services, unincorporated entities, partnerships, consortia and committees.

For an entity to be confronted with an offence, such offence must be committed by an executive (C-Suite) or by an individual reporting to the latter (Articles 6 and 7 of the Legislative Decree).

With regard to individuals qualifying as C-Suite, this term is to be viewed in the broadest sense, as it covers not only directors but also any individual vested with functions of representation and management of the entity as a whole or even of one of its organisational units, provided they have financial and functional autonomy. Therefore, where functions are delegated, the term shall also include delegated persons, provided they are vested with the required decision-making powers. Executives also include “de facto individuals” carrying out the aforementioned functions, albeit they have not been officially vested with powers as required.

With regard to “direct reports”, it is assumed that no employment relationship needs to exist for them to qualify as such. Indeed, they may be identified by making reference to the “functional theory”, where focus is placed not on their formal job task but on the role they actually perform.

The mere committal or attempted committal of one of the predicate offences<sup>1</sup> shall not be deemed sufficient to give rise to the entity’s liability.

The Legislative Decree under review also requires an objective requirement to apply, i.e. the offence must be committed in the interest and/or to the advantage of the entity.

It follows that the entity shall not be held liable if the interest or advantage pursued is directly and entirely attributable to the perpetrator of the offence or to a third party.

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<sup>1</sup> It should be stressed that the entity’s administrative liability shall remain (without prejudice to a reduction in penalties) even where only an attempt to commit the offence was made, regardless of whether the offence was in fact committed.

The administrative liability of the entity shall be in addition to the criminal liability lying with the natural person who materially committed the offence.

When seeking punishment in respect of certain criminal offences, this new liability introduced by Legislative Decree 231/2001 aims, in particular, to involve the assets of the entities that have benefited from the committing of the offence. Indeed, in all cases in which an entity is held liable under Legislative Decree 231/2001 for the committal of a predicate offence, a fine will invariably be applied. For more serious offences, disqualification measures shall also apply, such as suspension or endorsement of licences and permits, prohibition to engage in dealings with the PA, disqualification from conducting business, ineligibility for or cancellation of loans and grants, and prohibition to advertise goods and services, which restrict the entity's freedom to carry out commercial and entrepreneurial activities.

The administrative liability referred to herein does not result from engaging in just any criminal conduct.

Indeed, the solution adopted in the Italian legal system links the liability of the entity to the committing of one of the offences included in the list of criminal offences; this means that only committing one of these offences may give rise to liability.

In particular, the following groups of offences and the cases listed below currently fall under the scope of application of Legislative Decree 231/2001:

**A) Misappropriation of funds, fraud to the detriment of the State or a public entity or for the purpose of obtaining public funds and cyber fraud to the detriment of the State or a public entity (Article 24 of Legislative Decree 231/2001, as amended by Legislative Decree 75 dated 14 July 2020), and bribery, undue inducement to give or promise benefits and corruption (Article 25 of Legislative Decree 231/2001, as amended by Article 1(77)(a) of Law No. 190 dated 6 November 2012, Law No. 3 dated 9 January 2019 and Legislative Decree No. 75 dated 14 July 2020.**

- Embezzlement to the detriment of the State (Section 316(a) of the Italian Criminal Code);
- Undue receipt of grants-in-aid (Article 316(b) of the Italian Criminal Code);
- Fraud [against the State or other public entity] (Section 640(2)(1) of the Italian Criminal Code);
- Serious fraud to obtain public funds (Section 640(a) of the Italian Criminal Code);
- Cyber fraud [to the detriment of the State or other public entity] (Section 640(b) of the Italian Criminal Code).
- Fraud in public procurement (Section 356 of the Italian Criminal Code);
- Fraud against the European Agricultural Fund (Article 2 of Law No. 898 dated 23 December 1986);
- Misappropriation of public funds (Section 314(I) of the Italian Criminal Code);

- Misappropriation of public funds by exploiting another person's error (Section 316 of the Italian Criminal Code);
- Bribery (Section 317 of the Italian Criminal Code);
- Corruption in the discharge of a duty (Section 318 of the Italian Criminal Code);
- Corruption resulting from conduct contrary to official duties (Section 319 of the Italian Criminal Code);
- Aggravating circumstances (Section 319(a) of the Italian Criminal Code);
- Corruption in legal proceedings (Section 319(b) of the Italian Criminal Code);
- Undue inducement to give or promise benefits (Section 319(c) of the Italian Criminal Code);
- Facilitation payment (Section 320 of the Italian Criminal Code);
- Penalties for the briber (Section 321 of the Italian Criminal Code);
- Incitement to bribery (Section 322 of the Italian criminal code);
- Misappropriation of public funds, bribery, undue inducement to give or promise benefits, corruption and incitement to bribery of members of the International Criminal Court or bodies of the European Communities and officials of the European Communities and foreign States (Section 322(a) of the Italian Criminal Code);
- Abuse of office (Section 323 of the Italian Criminal Code);
- Trade in influence (Section 346(a) of the Italian Criminal Code)<sup>2</sup>.

**B) Cyber crimes and unlawful data processing (Article 24(a) of Legislative Decree 231/2001, added by Article 7 of Law No. 48 dated 18 March 2008, as amended by Legislative Decree No. 105 dated 21 September 2019 and Law No. 133 dated 18 November 2019).**

- Electronic documents (Section 491(a) of the Italian Criminal Code in relation to Sections 476-490, 492 and 493 thereof);
- Unauthorised access to a computer or telecommunications system (Section 615(c) of the Italian Criminal Code);
- Illegal possession and disclosure of login details for access to computer or electronic systems (Section 615(c) of the Italian Criminal Code);
- Distribution of computer equipment, devices or programmes intended to damage or cause disruption of a computer or telecommunications system (Section 615(d) of the Italian Criminal Code);
- Illegal interception, obstruction or interruption of computer or electronic communications (Section 617(c) of the Italian Criminal Code);
- Installation of equipment designed to intercept, prevent or interrupt computer or electronic communications (Section 617(d) of the Italian Criminal Code);
- Damage to computer information, data and programmes (Section 635(a) of the Italian Criminal Code);

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<sup>2</sup> Section added by Law No. 3 dated 9 January 2019: “Measures to combat offences against public administration, as well as on the statute of limitations of offences and on the transparency of political parties and movements.”

- Damage to computer information, data and programmes used by the State or other public entity or in any case for the common good (Section 635(b) of the Italian Criminal Code);
- Damage to computer or telecommunications systems (Section 635(c) of the Italian Criminal Code);
- Damage to computer or telecommunications systems for the common good (Section 635(d) of the Italian Criminal Code);
- Cyber fraud by an individual providing electronic signature certification services (Section 640(d) of the Italian Criminal Code);
- Violation of the rules governing the *Perimetro di Sicurezza Nazionale Cibernetica* (National Cybersecurity Boundary) (Article 1(11) of Decree-Law No. 105 dated 21 September 2019).

**C) Organised crime offences (Article 24(b) of Legislative Decree 231/2001, added by Article 2(29) of Law No. 94 dated 15 July 2009, as amended by Law No. 69 dated 27 May 2015 and Law No. 236 dated 11 December 2016)**

- Criminal association (Section 416 of the Italian Criminal Code);
- Mafia-type associations, including overseas organisations (Section 416(a) of the Italian Criminal Code);
- Political-mafia vote trading (Section 416(b) of the Italian Criminal Code);
- Kidnapping for the purpose of robbery or extortion (Section 630 of the Italian Criminal Code);
- Association engaging in illegal trafficking of narcotics or psychotropic substances (Article 74 of Presidential Decree 309/1990);
- Association engaging in the unlawful manufacture, introduction into the country, sale, transfer, possession and carrying – in public areas or areas open to the public – of military weapons or warlike weapons or parts thereof, explosives, clandestine weapons as well as several common firearms, with the exception of certain categories (Article 407(2)(a)(5) of the Italian Code of Criminal Procedure, where reference is made to the cases under Article 2 of Law No. 110 dated 18 April 1975).

**D) Forgery of money, public credit cards, revenue stamps and identification instruments or signs (Article 25(a) of Legislative Decree 231/2001, added by Article 6 of Decree-Law No. 350 dated 25 September 2001, as amendments and written into law by Law No. 409 dated 23 November 2001, as further amended by Law No. 99 dated 23 July 2009 and Legislative Decree No. 125 dated 21 June 2016)**

- Counterfeiting of money, spending and introducing into the country, with reliance on schemes, counterfeit money (Section 453 of the Italian Criminal Code);
- Alteration of currency (Section 454 of the Italian Criminal Code);
- Spending and introducing into the country, without reliance on schemes, counterfeit money (Section 455 of the Italian Criminal Code);

- Spending counterfeit money received in good faith (Section 457 of the Italian Criminal Code);
- Forgery of revenue stamps, introducing into the country, purchasing, possessing or putting into circulation forged revenue stamps (Section 459 of the Italian Criminal Code);
- Counterfeiting watermarked paper used for the manufacture of public credit cards or stamps (Section 460 of the Italian Criminal Code);
- Manufacturing or possessing watermarks or instruments intended for the counterfeiting of money, revenue stamps or watermarked paper (Section 461 of the Italian Criminal Code)
- Use of counterfeit or altered revenue stamps (Section 464 of the Italian Criminal Code);
- Counterfeiting, alteration or use of trademarks or distinctive signs or of patents, models and designs (Section 473 of the Italian Criminal Code);
- Introducing into the country and trading products bearing false signs (Section 474 of the Italian Criminal Code).

**E) Crimes against industry and trade (Article 25(a)(1) of Legislative Decree 231/2001, added by Article 15(7)(b) of Law No. 99 dated 23 July 2009)**

- Rigging in industry or trade (Section 513 of the Italian Criminal Code);
- Unlawful competition through threats or violence (Section 513(a) of the Italian Criminal Code);
- Fraud against national industries (Section 514);
- Fraud in trade dealings (Section 515 of the Italian Criminal Code);
- Selling non-genuine foodstuffs as genuine (Section 516 of the Italian Criminal Code);
- Selling industrial products bearing false signs (Section 517 of the Italian Criminal Code);
- Manufacturing and trading pirated copyright goods (Section 517(b) of the Italian Criminal Code);
- Counterfeiting of geographical indications or designations of origin of agri-food products (Section 517(c) of the Italian Criminal Code).

**F) Corporate offences (Article 25(b) of Legislative Decree 231/2001, added by Article 3(2) of Legislative Decree 61/2002, as amended by Articles 31(2) and 39(5) of Law No. 262 dated 28 December 2005 and by Article 1(77)(b) of Law No. 190 dated 6 November 2021, as well as Article 12 of Law No. 69 dated 27 May 2015 and Law No. 38 dated 15 March 2017).**

- Corporate misstatements (Section 2621 of the Italian Civil Code);
- Misdemeanours (Section 2621(a) of the Italian Civil Code);
- Corporate misstatements by listed companies (Section 2622 of the Italian Civil Code);
- Hindering auditing activities (Section 2625);
- Undue repayment of contributions (Section 2626 of the Italian Civil Code);
- Unlawful allocation of profits and reserves (Section 2627 of the Italian Civil Code);



- Unlawful transactions involving shares or stocks of the company or the parent company (Section 2628 of the Italian Civil Code);
- Transactions to the detriment of creditors (Section 2629 of the Italian Civil Code);
- Failure to disclose conflicts of interest (Section 2629(a) of the Italian Civil Code);
- False capital formation (Section 2632 of the Italian Civil Code);
- Undue distribution of company assets by liquidators (Section 2633 of the Italian Civil Code);
- Corruption among private individuals (Section 2635 of the Italian Civil Code);
- Incitement to corruption among private individuals (Section 2635(a);
- Unlawful influence on the shareholders' meeting (Section 2636 of the Italian Civil Code);
- Market rigging (Section 2637 of the Italian Civil Code);
- Hindering the discharge of duties by public supervisory authorities (Section 2638 of the Italian Civil Code).

**G) Crimes intended to promote terrorism or the subversion of established law and order (Article 25(c) of Legislative Decree 231/2001, added by Article 3 of Law No. 7 of 14 January 2003)**

- Subversive associations (Section 270 of the Italian Criminal Code);
- Associations intended to promote terrorism, including international terrorism, or the subversion of established law and order (Section 270(a) of the Italian Criminal Code);
- Support to members (Section 270(b) of the Italian Criminal Code);
- Conspiration intended to promote terrorism, including international terrorism (Section 270(c) of the Italian Criminal Code);
- Organisation of transfers for the purposes of promoting terrorism (Section 270(c)(1) of the Italian Criminal Code);
- Training intended to promote terrorism, including international terrorism (Section 270(d) of the Italian Criminal Code);
- Funding of conduct intended to promote terrorism (Section 270(d)(1) of the Italian Criminal Code);
- Disappearance of seized property or money (Section 270(d)(2) of the Italian Criminal Code);
- Conduct intended to promote terrorism (Section 270(e) of the Italian Criminal Code);
- Attacks for terrorist or subversive purposes (Section 280 of the Italian Criminal Code);
- Acts of terrorism with deadly or explosive devices (Section 280(a) of the Italian Criminal Code);
- Acts of nuclear terrorism (Section 280(b) of the Italian Criminal Code);
- Terrorist or subversion kidnapping (Section 289(a) of the Italian Criminal Code);
- Kidnapping for the purpose of coercion (Section 289(b) of the Italian Criminal Code);

- Incitement to commit any of the crimes under Chapters I and II [Title I, Book II of the Italian Criminal Code] (Section 302 thereof);
- Political conspiracy by agreement (Section 304 of the Italian Criminal Code);
- Political conspiracy by association (Section 305 of the Italian Criminal Code);
- Establishing and belonging to an armed gang (Section 306 of the Italian Criminal Code)
- Assisting participants in conspiracies or armed gangs (Section 307 of the Italian Criminal Code);
- Possession, hijacking and destruction of an aircraft (Article 1 of Law 342/1976);
- Damage to ground installations (Article 2 of Law 342/1976);
- Sanctions (Article 3 of Law 422/1989);
- Voluntary repentance (Article 5 of Legislative Decree 625/1979);
- Incitement to commit any of the crimes under Chapters I and II [Title I, Book II of the Italian Criminal Code];
- Urgent measures for the protection of established law and order and public safety (Article 1 of Decree-Law 625/1979, as amended and written into Law No. 15 dated 6 February 1980);
- Article 2 of the International Convention for the Suppression of the Financing of Terrorism, New York, 9 December 1999.

**H) Female genital mutilation rituals (Article 25(c)(1) of Legislative Decree 231/2001, added by Article 8 of Law No. 7 dated 9 January 2006).**

- Female genital mutilation rituals (Article 583(a) of the Italian Criminal Code).

**I) Crimes against individuals (Article 25(d) of Legislative Decree 231/2001, added by Article 5 of Law No. 228 dated 11 August 2003, as amended by Article 10(1)(a) and (b) of Law No. 38 dated 6 February 2006, as well as by Article 3(1) of Legislative Decree No. 39 dated 4 March 2014) and by Law No. 199 dated 29 October 2016)**

- Retaining people in slavery or bondage (Section 600 of the Italian Criminal Code);
- Child prostitution (Section 600(a) of the Italian Criminal Code);
- Child pornography (Section 600(b) of the Italian Criminal Code);
- Possession of pornographic material (Section 600(c) of the Italian Criminal Code);
- Virtual pornography (Section 600(c)(1) of the Italian Criminal Code);
- Tourism initiatives aimed at exploiting child prostitution (Section 600(d) of the Italian Criminal Code);
- Trafficking in persons (Section 601 of the Italian Criminal Code);
- Purchase and sale of slaves (Section 602 of the Italian Criminal Code);
- Illegal intermediation and exploitation of labour (Section 603(a) of the Italian Criminal Code);
- Solicitation of minors (Section 609(j) of the Italian Criminal Code).

- L) Offences of market abuse (Article 25(e) of Legislative Decree 231/2001, added by Article 9 of Law No. 62 dated 18 April 2005)**
- Misuse of insider information (Article 184 TUF [Italian Consolidated Finance Act], Legislative Decree No. 58 dated 24 February 1998);
  - Market Manipulation (Article 185 TUF, Legislative Decree No. 58 dated 24 February 1998);
  - Misuse and unlawful disclosure of insider information (Article 187(a) TUF, Legislative Decree No. 58 dated 24 February 1998);
  - Market Manipulation – administrative fault (Article 187(b) TUF, Legislative Decree No. 58 dated 24 February 1998);
  - Entity’s liability (Article 187(d) TUF).
- M) Crimes related to involuntary manslaughter and serious or very serious involuntary injuries committed in violation of the rules on the protection of health and safety at work (Article 25(f) of Legislative Decree 231/2001, added by Article 9 of Law No. 123 dated 3 August 2007, replaced by Article 300 of Legislative Decree 81/2008 and amended by Law 3/2018)**
- Manslaughter (Section 589 of the Italian Criminal Code);
  - Serious or very serious personal injuries (Section 590 of the Italian Criminal Code).
- N) Offences related to receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering (Article 25(g) of Legislative Decree 231/2001, added by Article 63(3) of Legislative Decree 231/2007 as amended by Article 3(5)(a) and (b) of Law No. 186 dated 15 December 2014)**
- Receiving stolen goods (Section 648 of the Italian Criminal Code);
  - Money laundering (Section 648(a) of the Italian Criminal Code);
  - Using money, goods or benefits of unlawful origin (Section 648(b) of the Italian Criminal Code);
  - Self-laundering (Section 648(b)(1) of the Italian Criminal Code).
- O) Offences relating to non-cash payment instruments (Article 25(g)(1) of Legislative Decree 231/2001)**
- Misuse and counterfeiting of non-cash payment instruments (Section 493(b) of the Italian Criminal Code);
  - Possession and distribution of computer equipment, devices or programmes intended to commit offences involving non-cash payment instruments (Article 493(c) of the Italian Criminal Code);
  - Cyber fraud aggravated by the transfer of money, monetary value or virtual currency (Section 640(b) of the Italian Criminal Code).
- P) Offences relating to violation of copyright (Article 25(h) of Legislative Decree 231/2001, added by Article 15(7)(c) of Law No. 99 dated 23 July 2009, as**

**amended by Law No. 166 dated 3 August 2009 and, lastly, by Legislative Decree No. 121 dated 7 July 2011)**

- Protection of copyright and other rights related to the enforcement thereof (Articles 171, 171(a), 171(b), 171(f), 171(g), 174(d) of Law No. 633 dated 22 April 1941).

**Q) Inducement not to make statements or to make false statements to the judicial authorities (Article 25(i) of Legislative Decree 231/2001, added by Article 4 of Law No. 116 dated 3 August 2009)**

- Inducement not to make statements or to make false statements to the judicial authorities (Article 377(a) of the Italian Criminal Code).

**R) Environmental offences (Article 25(j) of Legislative Decree 231/2001, added by Legislative Decree No. 121 dated 7 July 2011 as amended by Article (8)(a) of Law No. 68 dated 22 May 2015)**

- Environmental pollution (Section 452(a) of the Italian Criminal Code);
- Environmental disaster (Section 452(c) of the Italian Criminal Code);
- Culpable offences against the environment (Section 452(d) of the Italian Criminal Code);
- Trafficking and abandonment of highly radioactive material (Section 452(e) of the Italian Criminal Code);
- Aggravating circumstances (Section 452(g) of the Italian Criminal Code);
- Organised activities for the illegal trafficking of waste (Section 452(m) of the Italian Criminal Code);
- Killing, destroying, capturing, taking or keeping specimens of protected wild animal or plant species (Section 727(a) of the Italian Criminal Code);
- Destruction or deterioration of habitats within a protected site (Section 733(a) of the Italian Criminal Code);
- Trade in specimens of species in Annex A to Article 1 of Law No. 150 dated 7 February 1992;
- Trade in specimens of species in Annexes B and C to Article 2 of Law No. 150 dated 7 February 1992;
- Article 3(a) of Law No. 150 dated 7 February 1992;
- Prohibition on keeping specimens deemed to pose a hazard to public health and safety (Article 6 of Law No. 150 dated 7 February 1992);
- Environmental regulations (Article 137 of Legislative Decree No. 152 dated 3 April 2006);
- Unauthorised waste management activities (Article 256 of Legislative Decree No. 152 dated 3 April 2006);
- Site remediation (Article 257 of Legislative Decree No. 152 dated 3 April 2006);
- Breach of (i) reporting obligations, (ii) keeping of statutory records and forms (Article 258 of Legislative Decree No. 152 dated 3 April 2006);
- Illegal waste trafficking (Article 259 of Legislative Decree No. 152 dated 3 April 2006);

- Organised activities for the illegal trafficking of waste (Article 260 of Legislative Decree No. 152 dated 3 April 2006)<sup>3</sup>;
  - Computerised waste traceability control system (Article 260(a) of Legislative Decree No. 152 dated 3 April 2006);
  - Sanctions (Article 279 of Legislative Decree No. 152 dated 3 April 2006);
  - Measures for the protection of stratospheric ozone and the environment - Discontinuance and reduction of the use of harmful substances (Article 3 Law No. 549 dated 28 December 1993);
  - Wilful pollution caused by ships (Article 8 of Legislative Decree No. 202 dated 6 November 2007, implementing Directive 2005/35/EC on ship-source pollution and related penalties);
  - Accidental pollution caused by ships (Article 9 of Legislative Decree No. 202 dated 6 November 2007, implementing Directive 2005/35/EC on ship-source pollution and related penalties);
- S) Employment of illegally staying third-country nationals (Article 25(k) of Legislative Decree 231/2001, added by Legislative Decree No. 209 dated 16 July 2012, implementing Directive 2009/52/EC introducing minimum standards on sanctions and measures against employers who employ illegally staying third-country nationals)**
- Fixed-term and open-ended employment (Article 22(12a), Legislative Decree No. 286 dated 25 July 1998);
  - Transport of foreigners in the territory of the State (Article 12(3), (3a), (3b), Legislative Decree No. 286 dated 25 July 1998);
- T) Racism and xenophobia (Article 25(l) of Legislative Decree 231/2001, added by Law No. 163 dated 25 October 2017, concerning “Delegation to government for the transposition of European directives and the implementation of other acts of the European Union - European Delegation Law 2016 - 2017”)**
- Propaganda and incitement to engage in racial, ethnic and religious discrimination (Section 604(a)(3) of the Italian Criminal Code).
- U) Fraud in sports competitions, abusive gaming or betting and gambling by using prohibited devices (Article 25(m), added by Law No. 39 dated 3 May 2019).**
- Fraud in sports competitions (Article 1 of Law No. 401 dated 13 December 1989);
  - Unauthorised gaming or betting activities (Article 4 of Law No. 401 dated 13 December 1989).
- V) Tax offences (Article 25(n), added by Legislative Decree No. 124 dated 26 October 2019 as amended by Law No. 157 dated 19 December 2019 and Legislative Decree No. 75 dated 14 July 2020)**

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<sup>3</sup> Article repealed by Legislative Decree 21/2018 and replaced by Article 452(m) of the Italian Criminal Code - Organised activities for the illegal trafficking of waste.

- Fraudulent return through invoices or other documents issued in respect of non-existent transactions (Article 2(2) of Legislative Decree No. 74 dated 10 March 2000);
- Fraudulent return through other artificial arrangements (Article 3 of Legislative Decree No. 74 dated 10 March 2000);
- False tax return (Article 4 of Legislative Decree 74/2000)<sup>4</sup>;
- Failure to file (Article 4 of Legislative Decree 74/2000)<sup>5</sup>;
- Issuing invoices or other documents in respect of non-existent transactions (Article 8 of Legislative Decree No. 74 dated 10 March 2000);
- Concealment or destruction of accounting records (Article 10 of Legislative Decree No. 74 dated 10 March 2000);
- Undue offsetting (Article 10(c) of Legislative Decree 74/2000)<sup>6</sup>;
- Tax avoidance/evasion (Article 11 of Legislative Decree No. 74 dated 10 March 2000).

**W) Smuggling (Article 25(o), added by Legislative Decree 75/2020)**

- Smuggling in the movement of goods across land borders and customs areas (Article 282 of Presidential Decree 43/1973);
- Smuggling in the movement of goods in border lakes (Article 283 of Presidential Decree 43/1973);
- Smuggling in the movement of goods by sea (Article 284 of Presidential Decree 43/1973);
- Smuggling in the movement of goods by air (Article 285 of Presidential Decree 43/1973);
- Smuggling in customs free zones (Article 286 of Presidential Decree No. 43/1973);
- Smuggling resulting from undue use of goods imported with customs facilities (Article 287 of Presidential Decree 43/1973);
- Smuggling in customs warehouses (Article 288 of Presidential Decree 43/1973);
- Smuggling in cabotage and circulation (Article 289 of Presidential Decree 43/1973);
- Smuggling in the export of goods eligible for duty drawback (Article 290 Presidential Decree No. 43/1973);
- Smuggling in temporary import or export (Article 291 of Presidential Decree 43/1973);
- Smuggling of foreign manufactured tobacco (Article 291(a) of Presidential Decree 43/1973);
- Aggravating circumstances relating to the smuggling of foreign manufactured tobacco (Article 291(b) of Presidential Decree 43/1973);
- Criminal association to smuggle foreign manufactured tobacco (Article 291(c) of Presidential Decree 43/1973);

<sup>4</sup> Article introduced by Legislative Decree 75/2020.

<sup>5</sup> Article introduced by Legislative Decree 75/2020.

<sup>6</sup> Article introduced by Legislative Decree 75/2020.

- Other cases of smuggling (Article 292 of Presidential Decree 43/1973);
- Aggravating circumstances applicable to smuggling offences (Article 295 of Presidential Decree 43/1973).

**X) Crimes against cultural heritage (Article 25(p) of Legislative Decree 231/2001)**

- Theft of cultural assets (Article 518(a) of the Italian Criminal Code);
- Misappropriation of cultural assets (Article 518(b) of the Italian Criminal Code);
- Receiving stolen cultural assets (Article 518(c) of the Italian Criminal Code);
- Forgery in a private contract relating to cultural assets (Article 518(g) of the Italian Criminal Code);
- Violations relating to the disposal of cultural assets (Article 518(h) of the Italian Criminal Code);
- Illegal importation of cultural assets (Article 518(i) of the Italian Criminal Code);
- Illegal exiting or export of cultural assets (Article 518(j) of the Italian Criminal Code);
- Destruction, dispersion, deterioration, defacement, soiling and illegal use of cultural or landscape heritage (Article 518(k) of the Italian Criminal Code);
- Counterfeiting of works of art (Article 518(m) of the Italian Criminal Code).

**Y) Laundering of cultural assets and devastation and looting of cultural and landscape assets (Article 25(k) of Legislative Decree 231/2001)**

- Illicit trafficking of cultural assets (Section 518(e) of the Italian Criminal Code);
- Devastation and looting of cultural and landscape assets (Article 518(l) of the Italian Criminal Code).

**Z) Transnational offence (Articles 3 and 10 of Law No. 146 dated 16 March 2006) committing – in the form of a transnational offence –<sup>7</sup> of the following offences:**

- Criminal association (Section 416 of the Italian Criminal Code);
- Mafia-type associations, including overseas organisations (Section 416(a) of the Italian Criminal Code);
- Criminal association to smuggle foreign manufactured tobacco (Article 291(c) of Presidential Decree No. 43 dated 23 January 1973);
- Association engaging in illegal trafficking of narcotics or psychotropic substances (Article 74 of Presidential Decree No. 309 dated 9 October 1990);

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<sup>7</sup> A transnational offence is punishable by inflicting a penalty of at least four years of imprisonment when (i) an organised criminal group is involved, (ii) it has been committed in more than one State or it has been committed in one State but a significant part of its preparation, planning, direction or control took place in another State, or (iii) a “transnational” criminal group is involved or the offence has significant effects in another State.

- Infringement of the provisions against illegal immigration (Article 12(3), (3(a), (3b) and (5) of Legislative Decree No. 286 dated 25 July 1998);
- Inducement not to make statements or to make false statements to the judicial authorities (Article 377(a) of the Italian Criminal Code).
- Aiding and abetting (Article 378 of the Italian Criminal Code).

The individual Special Sections of the Model contain a detailed description of the individual offences if the type of offence is relevant in the case in point and, as such, deserves to be covered in a specific Special Section.

## **2.2 ADOPTION OF THE ORGANISATION, MANAGEMENT AND CONTROL MODEL AS THE COMPANY'S DUTY TO PREVENT, AS FAR AS POSSIBLE, THE COMMITTING OF THE OFFENCES UNDER LEGISLATIVE DECREE 231/2001**

Having established entities' administrative liability for offences, Article 6 of the Decree establishes that an entity shall not be held liable if it proves that it has adopted and effectively implemented, before the offence was committed, such "Organisation and management models as deemed suitable for preventing offences of the kind at issue".

The same regulation also requires that an internal control body be established within the entity with the task of supervising the functioning and effectiveness of and compliance with the aforementioned models, as well as ensuring that they are updated.

These organisation, management and control models must, pursuant to Article 6(2) and (3) of Legislative Decree 231/2001, meet the following requirements:

- Identify the activities where the offences set out in the Decree may occur;
- Establish specific protocols aimed at planning the decisions to be made and implemented by the entity in relation to the offences to be prevented;
- Identify how financial resources suitable for preventing the committing of such offences should be managed and spent;
- Set out obligations for reporting to the body in charge of supervising the functioning of and compliance with the models;
- Introduce an appropriate disciplinary system to sanction non-compliance with the measures set out in the Model.

In addition, the Model must establish:

- One or more channels enabling executives and direct reports to submit, for the protection of the entity's own integrity, detailed reports of unlawful conduct – deemed relevant under Legislative Decree 231/2001 and based on accurate and consistent factual elements – or violations of the entity's Model of which they have become aware in the discharge of their duties; in managing the reports, these channels must guarantee the confidentiality of the identity of the person reporting any such conduct;
- At least one alternative reporting channel ensuring, through computer systems, the confidentiality of the identity of the person submitting the report;



- Prohibition of direct or indirect retaliatory or discriminatory acts against the person submitting the report for reasons directly or indirectly linked to the report;
- Sanctions, set out in the disciplinary system, to be inflicted on anyone who violates the measures in place for the protection of whistleblowers, as well as anyone who submits reports that turn out to be unfounded with malicious intent or gross negligence.

If the offence is committed by individuals who hold positions of representation, governance or management of the entity or of one of its organisational units having financial and functional independence, as well as by individuals who — de facto or otherwise — manage and control such entity, the latter shall not be held liable if it can prove that:

- The managing board adopted and effectively implemented, prior to the offence being committed, a Model capable of preventing offences of the kind at issue;
- It entrusted a body with the task of (i) overseeing the operation of and compliance with the Model and (ii) ensuring that it is updated, such body being vested with independent powers of action and control;
- The individuals committed the offence by fraudulently circumventing the Model;
- The supervisory body neither failed to carry out its supervisory duties nor performed such duties inadequately with regard to the Model.

If, on the other hand, the offence is committed by direct reports reporting to one of the above-mentioned individuals, then the entity shall be liable if the committal of the offence was made possible by failure to comply with the obligations of management and supervision.

Such non-compliance shall, in any case, not apply if the entity, before the offence was committed, adopted and effectively implemented a Model capable of preventing offences of the kind at issue. The Model must include provisions ensuring that activities will be carried out in compliance with the law, while identifying and promptly removing risk situations.

Effective implementation of the Model requires:

- Periodic review and amendment thereof, if necessary, when significant violations of the requirements are identified or when changes occur in the organisation or business;
- An appropriate disciplinary system to sanction non-compliance with the provisions set out in the Model.

### **2.3 CONFINDUSTRIA GUIDELINES**

Lastly, Article 6 of the Decree states that organisational and management models may be adopted on the basis of codes of conduct drawn up by trade associations and notified to the Ministry of Justice, which, in agreement with the relevant Ministries, may, within 30 days, make observations as to whether the models are deemed suitable in order to prevent offences.

Confindustria has set out Guidelines for the preparation of organisational, management and control models (hereinafter “Confindustria Guidelines”) providing, *inter alia*, methodological guidance for the identification of risk areas (industry/activity where offences may occur), the design of a control system (i.e. protocols for planning the entity’s decision-making and implementation process) and the contents of the Model<sup>8</sup>.

In particular, Confindustria Guidelines suggest that member companies rely on risk assessment and risk management processes and include the following steps to define the Model:

- Identifying risks, i.e. analysis of the backdrop against which the company operates to highlight where (in which area/business sector) and how events detrimental to the objectives set out in Legislative Decree 231/2001 may occur;
- Designing a control system (i.e. protocols for planning the entity’s decision-making and implementation), whereby the existing system within the entity is assessed and adjusted if necessary, with a view to effectively dealing with the identified risks, i.e. reducing them to an acceptable level;
- Adopting a number of general tools, the main ones being a code of conduct with reference to offences listed under Legislative Decree 231/2001, together with a disciplinary system;
- Identifying the criteria for the selection of the supervisory body, stating its requirements, tasks and powers and reporting obligations.

According to Confindustria Guidelines, the processes described above must form part and parcel of a system architecture that abides by a number of control principles, including<sup>9</sup>:

- *In the case of intentional offences, impossibility of the system being circumvented except with intent;*
- *In the case of unintentional offences, hence not implying fraudulent intent, the system is nevertheless infringed despite the timely observance of the supervisory obligations by the relevant body.*

With regard to both intentional and unintentional offences, the deployment of pre-emptive control systems can be summarised as follows:

- *Adoption of a Code of Ethics (or Code of Conduct) with reference to the offences considered;*
- *Reliance on an adequately structured and clear organisational system, especially with regard to the allocation of responsibilities, reporting lines and description of tasks, specifically including control principles such as segregation of duties;*

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<sup>8</sup> This Organisation, Management and Control Model adopted pursuant to Legislative Decree 231/2001 was implemented by following the Guidelines for the preparation of organisation, management and control models issued by Confindustria.

<sup>9</sup> Confindustria, Guidelines for the preparation of organisation, management and control models pursuant to Legislative Decree 231/2001, June 2021, pp. 50 ff.

- *Adoption of manual and IT (information system) procedures to regulate the performance of tasks, including appropriate checkpoints;*
- *Assignment of authorisation and signature powers consistent with the defined organisational and management responsibilities, including, when required, a clear indication of expenditure approval thresholds;*
- *Deployment of a management control system whereby any general and/or particular critical situations may be promptly identified;*
- *Communication to and training of staff.*

It should be noted that non-compliance with specific provisions of Confindustria Guidelines will not in itself cause the Model to be invalidated.

Since the individual Model must be drafted having regard to the actual backdrop against which the company operates, it may well deviate – in certain specific areas – from the Guidelines (which are general in nature) to the extent as necessary to ensure fuller compliance with the requirements laid down by the Decree.

In view of this, the illustrative remarks contained in the annex to the Guidelines (Case Study), as well as the concise list of control instruments provided therein, must also be taken into account.

### **3 ADOPTION OF THE ORGANISATION, MANAGEMENT AND CONTROL MODEL BY TSI S.R.L.**

#### **3.1 DESCRIPTION OF CORPORATE STRUCTURE AND BUSINESS AREAS**

Total Solution Interiors is an Italian company that is a global leader in the design and delivery of large naval and civil turnkey projects, including interior design of common areas, deployment of special architectural projects and customised interiors.

Established in 2003 by architect Alvaro Tagliabue and interior designer and architect Marco Spaziani, the Company operates as a general contractor and manages the design, construction and installation of customised interiors for cruise ships, yachts, luxury hotels and high-end residential properties throughout the world.

All productions are managed on an order basis, designing and producing unique furniture according to specific customer requirements or customised designs.

Projects handled by TSI stand out for their uniqueness and strong engineering know-how, typical of large, high value-added endeavours.

In 2019 the Company joined the Somec Group.

#### **3.2 ORGANISATIONAL SYSTEM OVERVIEW**

The Company is managed by a Board of Directors consisting of 5 (five) members; Somec is entitled to appoint 3 (three) members of the Board of Directors while shareholder Marco Spaziani is entitled to appoint 2 (two) members of the Board of Directors. Under Article 10 of the Articles of Association, Somec is granted the special right to appoint, from among Somec directors, the member who will act as Chairman of the Board of Directors, while shareholder Spaziani is granted the special right to appoint the member who will act as Deputy Chairman of the Board of Directors. Unless otherwise chosen by the shareholders at the time of appointment, directors remain in office indefinitely and in any case until termination or resignation.

Under Article 18 of the Articles of Association, the Board manages the company business and carries out all ordinary and extraordinary management operations necessary to achieve the corporate purpose, with the exception of decisions on matters lying with the shareholders under Section 2479 of the Italian Civil Code and decisions lying with the shareholders under the Company's Articles of Association.

Article 11 of the Articles of Association, however, states that decisions on the matters listed below, as well as matters expressly laid down by law, shall lie solely within the province of the Shareholders' Meeting, to the exclusion of the governing body's jurisdiction:

- a) Approval of the financial statements and distribution of profits;
- b) Appointment and termination of directors, without prejudice to the provisions set out in Article 16 of the Articles of Association;
- c) Appointment and termination of the board of auditors, without prejudice to the provisions laid down by law and set out in the Articles of Association;
- d) Amendments to the Articles of Association;
- e) Acquisition of equity interests that imply unlimited liability;
- f) Decisions to enter transactions involving a material change in the corporate purpose or a significant change in shareholders' rights;
- g) Mergers and demergers or other deals involving the transfer, assignment, contribution or leasing of the Company's business or business units;
- h) Increases or reductions of the share capital as well as the issue or allocation of shares in the Company's share capital;
- i) Liquidation of the Company;
- j) Real estate transactions, including leasing transactions, where the value of each transaction exceeds € 500,000.00.

Under Article 17 of the Articles of Association, the Board of Directors is empowered to delegate its powers, in whole or in part, to one or more of its members – establishing the limits and manner whereby such delegation must be exercised as well as the relevant remuneration – except for those powers that cannot be delegated by law or according to the Articles of Association.

On the other hand, corporate rights are vested with the Company's shareholders commensurate with the share held by each of them, subject to the special rights set out in the Articles of Association.

Shareholders decide on matters lying within their province, as under the Articles of Association, as well as on matters that one or more directors or several shareholders representing at least one third of the share capital submit for their approval.

Reference should be made to the Articles of Association of the Company for detailed provisions governing:

- Call of the shareholders' meeting (Article 14)
- Functioning of the Board of Directors (Article 17);
- Powers of the governing body (Article 18);
- Remuneration of directors (Article 19).

### **3.3 POWER OF ATTORNEY AND PROXY SYSTEM**

The power of attorney and proxy system, together with the other tools provided in this Model, helps to mitigate risks and prevent offences that may occur in the conduct of identified sensitive activities.

Power of attorney means a unilateral legal transaction whereby the Company grants an individual the power to act on its behalf. Anyone vested with the power to bind the Company to external transactions shall be required to hold an ad hoc power of attorney.

Powers of the Board of Directors shall mean resolutions whereby the Company's Board of Directors vests one or more of its members with the power to independently exercise some of the powers of the Board as a whole, unequivocally establishing the remit, limits and any procedures for such exercise.

“Organisational power” means any internal act whereby duties and tasks are assigned, as reflected in the organisational communication system. Each internal organisational power shall define specifically and unambiguously the powers of the proxy holders, specifying their limits as well as the entity (body or individual) to whom they report.

The structure of powers of attorney and proxies in force within the Company on the date of approval, to which full reference is made, is fully compliant with the pursuit of the objectives set out in this Organisation, Management and Control Model.

Any changes to powers of attorney and proxies that may be made after this Organisation, Management and Control Model has been adopted must be notified to the Supervisory Board, which shall verify their compliance with the Model in force.

### **3.4 OBJECTIVES PURSUED WITH THE ADOPTION OF THE MODEL**

Having reviewed and acknowledged the provisions of Legislative Decree 231/2001, the Company has decided to adopt this Organisation, Management and Control Model to

ensure that the conduct of its business, and the relations it enters into with third parties howsoever involved in its business, are invariably based on principles of fairness and ethics.

In particular, the Company is most aware of the need to ensure conditions of fairness and transparency in the conduct of its business and corporate affairs, with a view to protecting its position and image, the expectations of its shareholders and the work of its employees. The Company is strongly committed to maintaining its internal control system to prevent its directors, employees, contractors, agents and business partners from engaging in unlawful conduct.

Indeed, the Company views the Model as a tool through which all internal and external individuals participating in the management of the Company can ensure a fair conduct in line with the need to prevent the risk of committing offences as set forth by the legislation.

Moreover, it should be noted that the main and general purpose of the Model is to provide the Company with a set of rules of conduct not only to prevent offences that may give rise to liability, but also certify, especially in dealings with third parties, the corporate ethics journey that it has decided to embark upon.

In particular, the Model aims to:

- Inform all persons – who in the discharge of their duties, work in the name or on behalf of the Company – as to the consequences arising from non-compliance with the provisions herein;
- Emphasise that any such non-compliance will result in criminal sanctions being inflicted on both the individual and the Company;
- Enable the Company, through ongoing auditing activities, to promptly identify any offence-related risks so as to take immediate action to remove such risks and, if necessary, apply the disciplinary measures set out in the Model itself.

The project has been carried on in the belief that the adoption and effective implementation of the Model itself will not only make it possible to benefit from the dispensing circumstance under Legislative Decree 231/2001, if necessary, but will also improve, within the limits thereunder, Corporate Governance.

### **3.5 GOALS OF THE MODEL AND FUNDAMENTAL PRINCIPLES**

As briefly mentioned in the previous section, by adopting this Model the Company intends to pursue the following main goals:

- Make all Recipients of this Model aware of the need for strict compliance with the Model, the violation of which will result in severe disciplinary sanctions;
- Reiterate that these forms of unlawful conduct are strongly condemned by the Company, since they are in any case contrary not only to the provisions of the law, but also to the ethical principles upon which the Company intends to conduct

its business, even in the event that the Company were apparently in a position to benefit from such conduct;

- Provide information regarding the serious consequences that could affect the Company – and thus indirectly all stakeholders – as a result of the infliction of fines and disqualifying penalties as set out in the Decree, and the possibility that they may also be inflicted by way of interlocutory measures;
- Enable the Company to constantly monitor and carefully supervise its activities, so as to be able to take immediate action where risk profiles emerge and, if necessary, apply the disciplinary measures set out in the Model itself.

For the purposes of preparing the Model, we proceeded, in accordance with the method suggested by Confindustria Guidelines, to:

- Identify “sensitive” activities by performing a pre-emptive review of company documentation – first and foremost organisation charts and proxies – and a number of interviews with the persons in charge of the various business units of the Company, i.e. Heads of Functions. The analysis was designed to identify and assess the actual activities where unlawful conduct could lead to the committing of predicate offences. At the same time, the controls in place, including preventive ones, were assessed, together with any criticalities, for further improvement;
- Design and implement the actions necessary to improve the control system and adapt it to the purposes set out in the Decree. To this end, reference was made to and account was taken of Confindustria Guidelines, as well as the fundamental principles of separation of duties and the definition of authorisation powers consistent with the responsibilities assigned. During this stage, special attention was paid to identifying and regulating the financial management and control processes related to risk activities;
- Define control protocols in cases where risk was assumed to exist. In this respect, efforts were made to define decision-making protocols as well as protocols to implement decisions reflecting the set of rules and provisions that those overseeing operational responsibility pertaining to these activities have helped to illustrate as the most suitable to govern the identified risk profile. The principle relied upon in building the control system requires that the conceptual threshold of acceptability lies in a prevention system such that it cannot be circumvented except fraudulently, as already set out in Confindustria Guidelines. The protocols are based on the rule whereby the various stages of the decision-making process must be documented and verifiable, so that the rationale behind the decision may be grasped.

Therefore, the keystones of the Model include:

- Mapping the Company's activities at risk, i.e. those activities where the offences referred to in the Decree may occur;
- Implementing adequate control mechanisms to prevent the offences set out in the Decree from being committed;
- Ex-post review of corporate behaviour as well as the Model operation, with consequent periodic updates;

- Disseminating the established rules of conduct and procedures and involving all company levels in their implementation;
- Entrusting the Supervisory Board with specific tasks to monitor the effective and proper operation of the Model;
- Drafting a Code of Ethics.

The Organisational, Management and Control Model, notwithstanding the specific purposes described above and relating to the absolving power set out in the Decree, is part of the broader control system already in place and adopted to provide reasonable assurance that (i) the Company's objectives are achieved in compliance with laws and regulations, (ii) financial information is reliable and (iii) assets are safeguarded, including against possible fraud.

More specifically, with reference to business areas qualified as "sensitive", the Company has identified the following key principles in its Model which govern these business areas and are therefore relied upon to plan the decision-making and implementation process of the Company while ensuring appropriate control over its decisions, including in relation to the offences to be prevented:

- Separation of duties by appropriately distributing responsibilities and establishing adequate levels of authorisation, the purpose being to avoid functional overlaps or operational allocations that concentrate critical activities on a single person;
- Clear and formalised assignment of powers and responsibilities, with an express indication of the limits of exercise and consistent with the tasks assigned and the positions held within the organisational structure;
- No significant operation may be carried out without authorisation;
- Compliance with rules of conduct to guarantee the performance of corporate activities in compliance with laws and regulations and the integrity of corporate assets;
- Appropriate rules of procedure pertaining to "sensitive" company activities, so that:
  - Operational processes are defined with adequate documentary support to ensure that they can be verified at all times in terms of adequacy, consistency and accountability;
  - Operational decisions and choices may be traced at all times in terms of their characteristics and grounds, and those who authorised, performed and verified the individual activities may also be identified at all times;
  - Financial resources are managed in such a way as to prevent offences from being committed;
  - Control and supervision activities involving company transactions are carried out and documented;
  - Security mechanisms are put in place to ensure adequate protection of physical and logical access to company data and assets;
  - The exchange of information between consecutive phases or processes takes place in such a way as to ensure the integrity and thoroughness of the data under management.



The principles described above appear to be consistent with the provisions set out in the Guidelines issued by Confindustria, and are considered by the Company to be reasonably suitable for preventing the offences referred to in the Decree. For this reason, the Company deems it essential to ensure that the aforementioned control principles are applied, appropriately and unfailingly, in all the “sensitive” company business areas as identified and described in the Special Sections of this Model.

### **3.6 MODEL STRUCTURE: GENERAL SECTION AND SPECIAL SECTIONS FOR DIFFERENT OFFENCE SCENARIOS**

The Model consists of this General Section, outlining the corporate governance model, the process whereby the Model was defined and its operating principles as well as the mechanisms for its implementation, and sixteen Special Sections – i.e. one for each offence group, as well as a Special Section dealing with activities that may lead to the committing of predicate offences – which describe the relevant offences, the specific corporate activities of the Company deemed to be sensitive, the ensuing behavioural principles to be complied with, as well as the control protocols implemented and the regular flows of information to the Supervisory Board with a view to preventing such offences from occurring.

This Organisation, Management and Control Model is the result of complex groundwork, carried out by relying in part on the support of external subject matter experts.

As a first step, a preliminary analysis was carried out to identify the individual offences hypothetically likely to occur in relation to specific high-risk activities normally carried out by the Company (so-called sensitive activities). To this end, reliance was made on (i) an analytical document containing detailed information on all the offences listed in Legislative Decree 231/2001 (known as “Tutorial: offences to be considered when reviewing the Organisation, Management and Control Model pursuant to Legislative Decree 231/01”), and (ii) an operational workshop.

Based on the findings of this preliminary analysis, supporting evidence was prepared for risk assessment purposes.

The findings of the preliminary analysis and risk assessment effort were collected in specific documents (“Findings of the preliminary analysis operational workshop for the revision of the Organisation, Management and Control Model pursuant to Legislative Decree 231/01” and “Findings of the risk assessment process”), available for review at the Company’s archives.

As regards the management of the risk of offences being committed in relation to the sensitive activities considered during the risk assessment process, different tools were chosen depending on the extent of the risk detected.

More specifically, in cases where the sensitive activities associated with a group of offences show medium and/or high risk profiles, the prevention of offences belonging to that group is ensured by relying on specific control protocols set out in a dedicated Special

Section, together with ad hoc general principles of conduct, as well as through compliance with the ethical principles of conduct specifically associated with that group of offences within the Code of Ethics<sup>10</sup>.

If, on the other hand, the sensitive activities associated with a group of offences show low risk profiles, then ensuring compliance with the ethical principles of conduct specifically associated with that group within the Code of Ethics and with the general principles of conduct set out in the dedicated Special Section will suffice for the purposes of preventing offences belonging to such group.

Insofar as the preliminary analysis shows that none of the offences belonging to one of the groups set forth in Legislative Decree 231/2001 could be assumed as likely to occur in relation to the company business, reference to the principles set out in this General Section of the Model and in the Code of Ethics will suffice, such principles binding the Recipients of the Model to abide by the values of integrity, fairness, legality, impartiality and prudence, in addition to the ethical principles of conduct specifically associated with that offence group within the Code of Ethics.

The table below, drafted in the light of the risk assessment effort, provides an overview of the significance, in relation to the company business, of the offence groups set forth in Legislative Decree 231/2001, and of the tools chosen to manage the related risk profiles.

Code	Offence group	Offence group significance	Prevention tools
<b>A</b>	<b>Offences against Public Administration</b>	Significant	Code of Ethics Special Section A
<b>B</b>	<b>Cyber crimes and unlawful data processing</b>	Significant	Code of Ethics Special Section B
<b>C</b>	<b>Organised crime offences</b>	Significant	Code of Ethics Special Section C
<b>D</b>	<b>Forgery of money, public credit cards, revenue stamps and identification instruments or signs</b>	Significant	Code of Ethics Special Section D
<b>E</b>	<b>Crimes against industry and trade</b>	Significant	Code of Ethics Special Section E
<b>F</b>	<b>Corporate offences</b>	Significant	Code of Ethics Special Section F
<b>G</b>	<b>Crimes intended to promote terrorism or the subversion of established law and order</b>	Not significant	None
<b>H</b>	<b>Female genital mutilation rituals</b>	Not significant	None

<sup>10</sup> Sensitive activities rated as “Medium” risk, with a value of 5 (i.e., rated 1-5 or 5-1), with a value of 6 (i.e., rated 2-3 or 3-2) and with a value of 8 (i.e., rated 2-4 or 4-2) will, from a predicate offence prevention perspective, be chiefly managed by relying on the fundamental control principles relating to the traceability of actions and the separation of duties, as well as documentation of controls. Sensitive activities assessed as “Medium” risk, with a value of 9 (i.e. rated 3-3 ), with a value of 10 (i.e. rated 2-5 or 5-2) and with a value of 12 (i.e. rated 3-4 or 4-3), and sensitive activities assessed as “High” risk will, from a predicate offence prevention perspective, be managed through control protocols in the strict sense, complete, if necessary, with adequate information flows to the Supervisory Board.

Code	Offence group	Offence group significance	Prevention tools
I	Crimes against individuals	Significant	Code of Ethics Special Section I
L	Offences of market abuse	Not significant	None
M	Crimes related to involuntary manslaughter and serious or very serious involuntary injuries committed in violation of the rules on the protection of health and safety at work	Significant	Code of Ethics Special Section M
N	Offences related to receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering	Significant	Code of Ethics Special Section N
O	Offences relating to non-cash payment instruments	Not significant	None
P	Offences relating to violation of copyright	Significant	Code of Ethics Special Section P
Q	Inducement not to make statements or to make false statements to the judicial authorities	Significant	Code of Ethics Special Section Q
R	Environmental offences	Not significant	None
S	Employment of illegally staying third-country nationals	Significant	Code of Ethics Special Section S
T	Transnational offences	Significant	Code of Ethics Special Section T
U	Offences relating to racism and xenophobia	Not significant	None
V	Fraud in sports competitions, abusive gaming or betting and gambling by using prohibited devices	Not significant	None
W	Tax offences	Significant	Code of Ethics Special Section V
X	Offences related to smuggling	Significant	Code of Ethics Special Section X
Y	Crimes against cultural heritage	Not significant	None
Z	Laundering of cultural assets and devastation and looting of cultural and landscape assets	Not significant	None

Notwithstanding its specific purpose, this Model is part of the broader control system consisting mainly of the rules of Corporate Governance and the Internal Control System adopted by the Company.

By way of example, the specific tools already existing and designed to plan the decisions to be made and implemented by the Company, including in relation to the offences to be prevented, include:

- Code of Ethics

- Protocols
- Procedures

The rules, procedures and principles outlined in the tools listed above are not shown in detail in this Model, but are part of the broader organisation and control system that it sets out to supplement.

These tools are subject to independent amendments, consistent with the purposes thereunder and in accordance with the authorisation and adoption rules set out in each tool, without any such amendments resulting in changes being automatically reflected in the Model itself.

### **3.7 RELATIONSHIP BETWEEN THE MODEL AND THE GROUP'S CODE OF ETHICS**

The principles and rules of conduct set out in this Model are part and parcel of the provisions contained in the Group's Code of Ethics, although the former has a different scope from the latter, given the purposes it sets out to pursue in accordance with the provisions of the aforesaid Decree.

With specific reference to the Code of Ethics, it should be noted that the conduct of directors, executives, employees and external parties must comply with the general values and ethical principles of conduct as set out in the Group's Code of Ethics.

This Code was drawn up with a view to translating ethical values into principles of conduct, which the recipients of the Code are required to comply with in the conduct of company business and in the discharge of their duties, including in relation to conduct that may constitute criminal offences as set forth in Legislative Decree 231/2001.

With this very purpose in mind, the Code of Ethics encompasses and formally establishes values aimed at gaining a full understanding of and guaranteeing company-wide compliance with the overall spirit of Legislative Decree 231/2001. Therefore, it also sets out ethical principles of conduct specifically associated with the groups of offences whose risk of being committed has not been deemed significant based on risk assessment findings.

In this respect, it should be pointed out that:

- The Code is to be viewed as a tool adopted by choice, which the Company may elect to apply on a company-wide basis to convey a number of principles of corporate ethics that the Company recognises as its own and in respect of which the Company expects compliance by all employees and all those who cooperate in the pursuit of the Company's goals;
- The Model, on the other hand, complies with specific provisions set out in the Decree, such provisions being designed to prevent the committing of particular types of offences in respect of acts that, while seemingly committed in the interest

or to the advantage of the Company, may in fact result in administrative liability under the provisions of the Decree.

However, since the Code makes reference to principles of conduct that are also instrumental in preventing the unlawful conduct referred to in the aforesaid Decree, it is deemed to be of relevance for the purposes of the Model and, therefore, forms an integral component thereof.

### **3.8 ADOPTION OF THE MODEL AND AMENDMENTS THERETO**

Article 6(I)(a) of the Decree requires the Model “*to be an act issued by the management body*”.

Its adoption is therefore the responsibility of the Board of Directors, which will do so by specific resolution.

This Model, consisting of a General Section and Special Sections, was approved and adopted by the Company’s Board of Directors by resolution dated 22 November 2022.

Any amendments to the General Section or to the Special Sections, including those that may be submitted by the Supervisory Board, shall be the responsibility of the Board of Directors.

Any amendments to the powers vested with Board members and to powers of attorney that may be made after the adoption of the Organisation, Management and Control Model shall not be deemed to be amendments to the Organisation, Management and Control Model itself, as they will formally be considered as a mere amendment to the Annex hereto. In such cases, any amendments to be made to the Model itself shall be submitted by the Supervisory Board, subject to assessment of any incompatibility profiles.

The most up-to-date version of this Model shall be provided forthwith to the Supervisory Board.

## **4 THE SUPERVISORY BOARD**

Article 6(1)(b) of Legislative Decree 231/2001 states, with reference to the actions of executives, that “*The task of overseeing the operation of and compliance with the models and ensuring that they are updated*” must be entrusted “*to a body of the entity vested with independent powers of action and control*<sup>11</sup>”.

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<sup>11</sup> In this regard, the Explanatory Report of Legislative Decree 231/2001 states that: “*The company (...) shall also oversee the actual operation of the models and therefore compliance therewith. To this end, to ensure the best possible effectiveness of the system, the company shall rely on an internal function (to prevent any schemes from being contrived by unprincipled individuals which may jeopardise the legitimacy of the company’s work and, more importantly, may cause the company to be held liable), to be vested with independent powers and specifically assigned to these tasks (...). The requirement to provide information to the aforementioned internal control function shall be of paramount importance in order that it may operate as expected (...).*”

Furthermore, although no specific legislative reference exists in respect of the actions of direct reports, for the purposes of the effective implementation of the model adopted Article 7(4)(a) requires “*a periodic check and possible amendment thereof when significant breaches of the provisions are discovered or when changes occur in the organisation or business, such task typically lying with the Supervisory Board.*”

**a. Supervisory Board appointment and dismissal process**

The Supervisory Board shall be appointed by the Board of Directors, subject to resolution.

The appointment must set out the criteria adopted for identifying, organising and establishing the type of body or function to be entrusted with the role of Supervisory Board, as well as the reasons that led to that choice and to the appointment of the individual members of the Supervisory Board.

When sitting in panel, the members of the Supervisory Board shall, at the time of appointment and throughout their term of office, be guaranteed independence.

The members of the Supervisory Board must personally meet the requirements of integrity and morality.

The position of Supervisory Board member shall be deemed to be incompatible for anyone who:

- Has, directly or indirectly, such professional and economic relations – excepting employment and professional relations ancillary to the tasks to be performed by the Supervisory Board and deemed to be of support to such tasks – with the Company or with the executive directors as to affect judgement independence, also in the light of a thorough assessment of the subjective financial condition of the individual concerned;
- Is a close relative of executive directors of the Company or of persons to whom the situations outlined above apply;
- Is disqualified, incapacitated or declared bankrupt;
- Is convicted by an irrevocable judgement issued under Section 648 of the Italian Code of Criminal Procedure:
  - For criminal offences committed in the discharge of their duties;
  - For criminal offences significantly affecting their professional conduct;
  - For criminal offences that result in disqualification from holding public offices, executive offices within companies and legal entities, from a practice, profession or an art, as well as the inability to have dealings with Public Administration bodies;
  - In any event for having committed one of the predicate offences referred to in Legislative Decree 231/2001;
- Is subject to criminal proceedings; in particular, in order to protect the essential requirements of the Supervisory Board, this shall apply from the time the individual is served an indictment pursuant to Section 335 of the Italian Code of

Criminal Procedure and until a non-suit judgement is handed down pursuant to Section 425 thereof or, if prosecuted, until a judgement of acquittal is handed down pursuant to Section 529 and 530 thereof, with the proviso that this cause of incompatibility shall apply solely to criminal proceedings for offences referred to in the preceding paragraph.

The appointment must specify the term of office, which shall be set for a fixed term and shall normally be three years from the date of appointment.

The appointment must also specify remuneration for the office, except in the case of appointment of employees or heads of functions for which supervision of the adequacy and actual functioning of the internal control system is a predominant part of their duties, the Model adopted forming, according to the most authoritative doctrine, an integral part of the internal control system.

The members of the Supervisory Board shall cease to act as such further to resignation, incapacity, death or dismissal.

The members of the Supervisory Board may be dismissed:

- In the event of repeated failure to perform duties, or unwarranted inaction;
- In the event of disqualification sanctions being inflicted on the Company, due to inaction of the members;
- In the event of failure to report violations of the Model committed by its Recipients and to monitor the adequacy and effective implementation of the Model with a view to recommending amendments as necessary;
- If any of the above causes of incompatibility arise after appointment.

Dismissal shall be decided by the Board of Directors, with immediate notification to the Board of Auditors.

In the event of resignation, incapacity, death or dismissal of a member of the Supervisory Board, the Chairman of the Board of Directors shall promptly notify the Board of Directors thereof, so that appropriate decisions may be made without undue delay.

## **b. Essential requirements of the Supervisory Board**

In view of the specific nature of the tasks entrusted to the Supervisory Board, the provisions set out in the Decree and in the Guidelines issued by Confindustria, the internal body to be vested with independent powers of initiative and control was chosen in such a way as to ensure that the Supervisory Board meets the requirements of autonomy, independence, professional experience and action continuity as required under the Decree in respect of such an important function.

In particular, with account also being taken of the aforementioned Guidelines, these requirements can be outlined as follows:

### ➤ **Autonomy:**

The Supervisory Board has decision-making autonomy.

The Board shall act independently of the Company, i.e. it is not involved in any way in operational activities, nor is it involved in management activities. Moreover, the Board may perform its duty without direct or indirect influence from the controlled entities. The activities carried out by the Supervisory Board cannot be reviewed by any other corporate body or function.

The Board shall also act autonomously with regard to regulatory matters, i.e. it can determine its own rules of conduct and procedure within the scope of the powers and duties as determined by the Board of Directors.

### ➤ **Independence:**

The independence of the Supervisory Board is a necessary condition of non-subordination to the Company. Independence is achieved through a proper and appropriate reporting structure.

### ➤ **Professional experience:**

The Supervisory Board shall be professionally capable and reliable.

The technical and professional expertise appropriate to the tasks it is called upon to perform must therefore be ensured; legal, accounting and organisational skills shall be required.

In particular, specific auditing and consulting skills must be guaranteed, such as skills in statistical sampling, risk analysis and assessment techniques, interview techniques and questionnaire design, and fraud detection methods.

These characteristics, combined with independence, shall guarantee unbiased judgement.

### ➤ **Action continuity:**



In order to guarantee the effective and continuous implementation of the Model, the Supervisory Board shall operate seamlessly. Therefore, in deploying the operational solutions adopted from time to time, the Supervisory Board's commitment shall be prevalent, though not necessarily exclusive, in nature, and shall at any rate be appropriate to the effective and efficient discharge of its tasks.

#### **c. Supervisory Board's positioning within the organisation**

Article 6 of Legislative Decree 231/2001 requires the Board to be internal to the Company, and to be part of the organisation chart. Only by doing so may the Supervisory Board be made aware of the Company's affairs and coordinate with the other corporate functions as required. Likewise, only the inherent nature of the Supervisory Board may guarantee the necessary continuity of action.

The Supervisory Board is a staff function of the Board of Directors, and shall be appointed by it. As a measure further underpinning the requirement of independence, the Supervisory Board shall be required to report to the Board of Auditors and, ultimately, the Shareholders.

In addition, constant information flows between the Supervisory Board and the Board of Directors shall be ensured by virtue of the former's internal status and its organisational positioning within the Company.

#### **d. Identification of the Supervisory Board**

Upon applying all the aforementioned principles to the company business and upon considering the specific nature of the tasks falling under the remit of the Supervisory Board, it was decided to opt for a single-member body represented by an external person, capable of guaranteeing compliance with the requirements of autonomy and independence, not being involved in the conduct of sensitive activities, not reporting hierarchically to any function of the Company and reporting as staff to the Governing Body.

The professional experience of the person selected to sit on the Supervisory Board is guaranteed by a pre-emptive assessment of the professional requirements, while action continuity is ensured by holding regular audit sessions that may also be conducted by support staff or consultants appointed for such purpose.

Tasks that may be outsourced include those relating to the performance of all activities of a technical nature, without prejudice to the obligation of outsourcers to report to the Company's Supervisory Board. It is indeed clear that outsourcing such duties shall in no way lessen the responsibility of the Supervisory Board with regard to the function conferred upon it by law.

The Supervisory Board shall remain in office for a period of three years from the date of appointment.

### **e. Duties of the Supervisory Board**

The Supervisory Board shall perform the tasks as laid down in Articles 6 and 7 of Legislative Decree 231/01. Notably:

➤ **Supervisory and control tasks:**

The primary duty of the Supervisory Board relates to the ongoing supervision of the operation of the adopted Model.

The Supervisory Board shall oversee:

- Compliance with the provisions of the Model by its Recipients in relation to the different types of offences covered by the aforesaid Legislative Decree;
- The actual effectiveness of the Model in relation to the corporate structure and its actual ability to prevent the committing of the offences referred to in the Legislative Decree.

In order to adequately discharge such an important duty, the Supervisory Board must conduct periodic audits on the individual business areas qualified as “sensitive”, checking that the (i) protocols are adopted and applied as expected, (ii) documentation set out in such protocols is prepared and maintained on a regular basis, and (iii) measures and precautions adopted in the Model with respect to preventing the committing of the offences under Legislative Decree 231/01 are as a whole effective and operative.

More specifically, the Supervisory Board shall:

- Establish that the control protocols set out in the Model are adopted and applied as expected. It should be noted, however, that control activities are the primary responsibility of operational management and are considered an integral part of every business process (“line control”), hence the importance of a staff training process;
- Conduct, possibly by means of an external party appointed for the purpose, periodic targeted checks on specific transactions or acts performed, in particular, as part of sensitive activities, the results of which shall be summarised in a special report, with its contents being disclosed in communications to the corporate bodies, as described below;
- Collect, process and store information relevant to compliance with the Model;
- Monitor initiatives to disseminate knowledge and understanding of the Model.

➤ **Monitoring activities with reference to the implementation of the Code of Ethics:**

The Supervisory Board shall monitor the application of and compliance with the Code of Ethics adopted by the Company’s Board of Directors.

The Supervisory Board shall monitor the dissemination, understanding and implementation of the Code of Ethics.

The Supervisory Board shall inform the Board of Directors of any need to update the Code.

➤ **Model adaptation and updating activities:**

The Supervisory Board plays a major role as a driving force, submitting proposals and providing constructive criticism, inasmuch as it assesses and determines practical changes to be made to the Model, submitting appropriate proposals to the Board of Directors, where necessary, as a result of:

- Significant violations of the requirements of the adopted Model;
- Significant changes in the Company's internal structure or the ways in which company activities are carried out;
- Significant changes in the structure of the powers vested with the Board of Directors and the powers of attorney of the Company that imply incompatibility with the organisational structure outlined in the Organisational Model;
- Regulatory changes, primarily following legislative integration of the *numerus clausus* of predicate offences.

More specifically, the Supervisory Board shall:

- Conduct audits of the company business for the purpose of updating the mapping of sensitive activities;
- Coordinate with the manager in charge of training programmes for staff and contractors;
- Interpret the relevant legislation on predicate offences, as well as any Guidelines that may have been drawn up, including updates to existing ones, and check the adequacy of the internal control system in relation to the regulatory requirements or to such Guidelines;
- Establish whether the Model needs updating.

➤ **Reporting to corporate bodies:**

The Supervisory Board must liaise constantly with the Board of Directors; likewise, communication with the Board of Auditors must be ensured on a regular basis.

The Supervisory Board shall report to the Board of Directors:

- When necessary, regarding the submission of proposals for any updates and adjustments to the adopted Model, to be implemented by making amendments as necessary;
- Immediately, regarding established violations of the adopted Model, in cases where such violations may imply liability for the Company, so that appropriate measures may be taken. Where appropriate actions must be taken against directors, the Supervisory Board shall be required to inform the Shareholders' Meeting thereof;

- Periodically, in relation to the audit and control tasks performed and their findings, as well as in relation to any critical issues that emerge in terms of conduct or events that may have an impact on the adequacy or effectiveness of the Model itself. The Supervisory Board shall, at least once a year, also report to the Board of Directors on the activities carried out, including those pertaining to the monitoring of adequate dissemination of Model contents. At least once a year, a report summarising the results of the audits carried out in the reporting period shall be submitted, in respect of which the Supervisory Board shall provide an adequate account of the use of the allocated budget and submit, for approval, requests for the resources deemed necessary to discharge its duties in the following period.

The Supervisory Board shall report to the Board of Auditors:

- Immediately, regarding established violations of the adopted Model, in cases where such violations may imply liability for the Company, given that the Board of Statutory Auditors is required to oversee the adequacy of the Company's administrative, organisational and accounting system and its proper operation;
- Periodically, submitting the aforesaid summary report, which, as explained earlier, must also be sent to the Board of Directors at least once a year.

The Supervisory Board may be convened at any time by the aforementioned bodies or may itself submit a request to that effect, to report on the operation of the Model or on specific situations.

➤ **Information flow management activities:**

To facilitate the control and supervisory activities of the Supervisory Board, systematic information flows to the Supervisory Board itself need to be implemented and guaranteed, using the email address dedicated to this purpose.

Reporting to the Supervisory Board shall guarantee an orderly performance of the supervisory and control activities regarding the effectiveness of the Model and shall include the submission, on a regular basis, of such information, data and news as detailed in the Special Sections, or as further identified by the Supervisory Board and/or requested by it from the individual functions of the Company.

This information must be transmitted at the times and with such methods as detailed in the Special Sections or as defined by the Supervisory Board (“information flows”).

The obligations to provide information to the Supervisory Board shall also include, on an occasional basis, any further information, of any kind, provided that it relates to the implementation of the Model in business areas identified as sensitive and compliance with the provisions of the Decree, which may be useful for the performance of the tasks of the Supervisory Board. More specifically, the following information must be provided:

- Information on the actual implementation of the Model, at all levels of the company, with evidence of any sanctions inflicted or measures to dismiss sanction proceedings, complete with the relevant reasons;
- The emergence of new risks in the areas managed by the various managers;
- Any reports prepared by the various managers as part of their control activities, disclosing any critical facts, acts or omissions with respect to compliance with the provisions of the Decree or the provisions of the Model;
- Irregularities, anomalies detected or findings collected by corporate functions with respect to control activities carried out to implement the Model;
- Measures and/or information from law enforcement agencies or from any other public authority, indicating that investigations for the offences referred to in the Decree have been carried out, including against unknown persons;
- Internal reports pinpointing responsibility for alleged offences;
- Reports or requests for legal assistance submitted to the Company by executives or direct reports in the event of legal proceedings being brought against them for one of the offences set forth in the Decree;
- Reports by collaborators, consultants and, in general, self-employed persons, suppliers and partners (including associations in joint account, staff leasing companies and joint ventures) and, more generally, by all those who are involved – to a significant extent and/or on a continuous basis – in “sensitive” business areas on behalf or in the interest of the Company.

The information flows shall be stored by the Supervisory Board in a special electronic and/or paper-based database. Subject to authorisation by the Supervisory Board, the data and information stored in such database may be accessed by persons outside the Supervisory Board, unless access has to be granted by law. The Board shall define an internal procedure setting forth the criteria and conditions for access to such database, as well as for the retention and protection of data and information, in compliance with the regulations in force.

#### **f. Powers of the Supervisory Board**

The main powers of the Supervisory Board are:

- Self-regulation and definition of internal operating procedures;
- Supervision and control.

With reference to the powers of self-regulation and definition of internal operating procedures, the following shall fall within the exclusive remit of the Supervisory Board:

- How to document its own activities, assessments and decisions;
- How to communicate and interact directly with each corporate function, as well as how to collect information, data and documentation from corporate functions;
- How to coordinate with the Board of Directors and the Board of Auditors and attend their meetings, at the initiative of the Supervisory Board itself;
- How to organise its supervisory and control activities and how to report on the findings of such activities.

With reference to supervision and control powers, the Supervisory Board:

- Shall have free and full access to all the functions of the Company, without the need for any prior consent, for the purpose of obtaining any information or data deemed necessary for the performance of the tasks set forth in the Decree;
- May use, at its sole discretion and without any interference whatsoever, its initial and operating budget to meet any requirements deemed necessary for the appropriate discharge of its duties;
- May, if deemed necessary, rely on the support of all the company units under its direct supervision and responsibility;
- May, with full decision-making independence and if specific skills are required and in any event to perform its tasks professionally, also rely on the operational support or collaboration of external subject matter experts, using its own budget for the purpose. In these cases, such external individuals shall be deemed to provide solely consultancy-based technical support;
- May, subject to prior investigations and assessments as appropriate and having heard the offender, report the event in accordance with the rules laid down in the Disciplinary and Sanctioning System adopted pursuant to the Decree, it being understood that the procedure for serving formal notice and inflicting penalties shall be carried out by the employer in the case of employees, executives and senior managers.

#### **g. Budget allocated to the Supervisory Board**

With a view to making the requirements of autonomy and independence more binding, the Supervisory Board shall be allocated an adequate initial and operating budget approved in advance by the Board of Directors.

The Supervisory Board may use these financial resources as it shall deem fit, without prejudice however to the need to (i) report on the use of such budget at least once a year, and (ii) provide grounds for the submission of the budget for the following period as part of its periodic disclosures to the Board of Directors.

## **5. THE WHISTLEBLOWING MECHANISM**

Art. 2 of Law 179/2017, amending art. 6 of Leg. Dec. 231/2001, extended to the private sector the provisions introduced to protect persons reporting unlawful acts (so-called *whistleblowers*).

In the event of breaches of specific rules of behaviour or of actions that potentially constitute predicate offences relating to the administrative liability of entities pursuant to Leg. Dec. 231/2001, anyone who performs a task or function within or on behalf of the Company may avail themselves of the system adopted by the Group in which the procedures for filing relative reports are defined.

The aforementioned reports shall be substantiated and based on precise and concordant facts. In addition to being based on a specific procedure and an alternative communication/reporting channel to the usual channel used for information flows, the whistleblowing system will also guarantee, by means of computerised procedures, the confidentiality of the whistleblower's identity.

Although the law does not make reporting compulsory, it has become a long-established practice that informing the employer of any conduct at odds with the adopted Model is deemed to form part of the employee's broader duty of diligence and loyalty.

Already in the past, it was felt that disciplinary action could not be taken against an employee duly fulfilling his/her obligation to provide information. This has now been confirmed by the introduction in legislation of the prohibition of retaliatory or discriminatory acts, whether direct or indirect, against the whistleblower for reasons directly or indirectly linked to the report filed<sup>12</sup>.

To safeguard this right, the law states that the disciplinary system of the Organisational, Management and Control Model must include sanctions against those failing to conform to measures to protect whistleblowers, and that discriminatory acts against whistleblowers can be reported to the National Labour Inspectorate either by the whistleblower him/herself or by a trade union organisation indicated by him/her.

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<sup>12</sup> Art. 6(2a)(c) of Leg. Dec. 231/2001.

Retaliatory or discriminatory dismissals, job duty changes pursuant to art. 2103 of the Civil Code and any other retaliatory or discriminatory measures taken against the whistleblower shall also be null and void<sup>13</sup>.

However, in order to avoid a distorted use of *whistleblowing* channels, the law includes the obligation to introduce within the disciplinary system of the Organisation, Management and Control Model sanctions against those who, through malicious intent or gross negligence, file reports that turn out to be unfounded.

## **6. THE DISCIPLINARY AND SANCTIONING SYSTEM**

This section of the Model identifies and describes significant infringements pursuant to Leg. Dec. no. 231/2001, as amended, corresponding disciplinary sanctions that may be imposed and the procedure for challenging them.

The Company, aware of the need to comply with the law and with applicable collective labour agreements, ensures that the sanctions imposed under this Disciplinary System comply with the provisions of the national collective labour agreements applicable to the sector/industry.

These agreements also ensure that the procedure for notification of the offence and imposing the relevant penalty is in keeping with the provisions of art. 7 of Law 300 of 30 May 1970 (so-called “Workers’ Statute”).

### **6.1 RECIPIENTS AND THEIR DUTIES**

The recipients of this disciplinary system are the Recipients of the Model itself.

The Recipients are obliged to act in compliance with the principles enshrined in the Code of Ethics and with all the principles and measures adopted to organise and manage company activities as defined in the Model.

Any breach of the aforementioned principles, measures and procedures (hereinafter referred to as ‘Infringements’), shall be, if established:

- in the case of employees and managers, a breach of contract concerning the obligations arising from the employment relationship, within the meaning of art. 2104 of the Civil Code and art. 2106 of the Civil Code;
- in the case of directors, failure to fulfil the duties required of them by law and by the articles of association pursuant to art. 2392 of the Civil Code;

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<sup>13</sup> It is stressed that in the event of disputes relating to disciplinary sanctions, or to demotions, dismissals, transfers, or subjecting the whistleblower to other organisational measures having direct or indirect adverse effects on working conditions after the report has been submitted, the employer will have the burden of proving that such measures are based on reasons unrelated to the report itself.



- in the case of Third Parties, a breach of contract, entitling the company to terminate the contract, without prejudice to further claims for damage compensation.

The procedure for the imposition of the sanctions referred to below therefore takes into account the particular traits arising from the legal status of the person against whom proceedings are brought.

The Supervisory Board shall ensure that specific procedures are adopted for informing all the above-mentioned persons, right from the outset of their relationship with the Company, about the existence and content of this sanctioning system.

## **6.2 GENERAL PRINCIPLES REGARDING SANCTIONS**

The sanctions imposed in response to Infringements shall in all cases comply with the principle of graduality and proportionality of the sanctions in relation to the seriousness of the breaches committed.

Determining the type and the extent of the sanction to be imposed following the committing of Infringements, including significant unlawful acts pursuant to Leg. Dec. no. 231/2001, must assess and duly consider:

- the intentionality of the conduct giving rise to the breach;
- the negligence, recklessness and inexperience shown by the perpetrator when committing the infringement, with particular reference to the actual possibility of anticipating the event;
- the relevance and possible consequences of the breach or unlawful act;
- the position of the Recipient within the company's organisation, especially in view of the responsibilities associated with his/her duties;
- any aggravating and/or extenuating circumstances that may be found in relation to the Recipient's conduct (aggravating circumstances include, for example, previous disciplinary sanctions against the same Recipient in the two years preceding the breach or unlawful act);
- the coordination of several Recipients, acting in accord, in the committing of the breach or unlawful act.

The sanctions and the relevant procedure for challenging the Infringement differ according to the category to which the Recipient belongs.

With regard to the assessment of the aforementioned Infringements, disciplinary proceedings and the imposing of sanctions, the powers of the employer remain unaltered, and may be conferred to specially delegated persons.

The Supervisory Board is necessarily involved in the procedure for the imposing of sanctions for Model breaches, in that disciplinary sanctions for Model breaches cannot be

imposed without prior notification to the Supervisory Board. This communication is superfluous when the sanction is proposed by the Supervisory Board itself.

The Supervisory Board shall likewise be notified of any decision to dismiss the disciplinary proceedings referred to in this paragraph.

Workers will be given immediate and thorough information about the introduction of any new provision, with an internal communication explaining the grounds and summarising its content.

### **6.3 SANCTIONS AGAINST EMPLOYEES**

The actions of employees in breach of individual rules of conduct set out in this Model are defined as disciplinary breaches.

Sanctions that can be imposed on employees fall within those of the sanctioning system set out in the CCNL (collective labour agreement), in compliance with the procedures laid down in art. 7 of the Workers' Statute and any other applicable special regulations.

The Company's corporate disciplinary system therefore consists of the provisions of the Civil Code, the Workers' Statute and the CCNL. In greater detail, the disciplinary system describes sanctioned conduct, depending on the relevance of the individual facts considered, and the sanctions in place for the unlawful acts committed based on their seriousness.

Further to the above, the Model refers to the sanctions and the categories of punishable acts provided for by the existing sanctioning system of the CCNL, in order to bring any violations of the Model into line with the cases already provided for by the aforementioned provisions.

The Company considers that the aforementioned sanctions set forth in the CCNL are applicable to the Infringements defined above, in accordance with the procedures set out below and in view of the general principles and criteria identified above.

The CCNL for the sector/industry identifies possible cases of disciplinary non-compliance which, by virtue of their general and abstract nature, are to be deemed compatible with the aforementioned Infringements.

Pursuant to the applicable *National Collective Labour Agreement*, the following sanctions are envisaged:

- a verbal reprimand;
- a written warning;
- a fine not exceeding three hours of hourly pay calculated on base pay;
- suspension from work and pay for up to three days;
- dismissal for misconduct pursuant to Art. 10;
- verbal reprimand, written warning, fine and suspension.

A written warning, fine or suspension shall be imposed on a worker who:

- A. fails to report for work or leaves his/her place of work without justification, or fails to justify his/her absence by the day following that on which the absence begins, except in the case of a justified impediment;
- B. without justification delays the commencement of work or suspends or anticipates its cessation;
- C. commits acts of minor insubordination towards superiors;
- D. performs the work entrusted to him with negligence or deliberate slowness;
- E. breaks plant equipment or materials being processed through carelessness or negligence;
- F. is found in a state of evident drunkenness during working hours;
- G. outside the company's scope performs, for third parties, work usually handled by the company itself;
- H. contravenes the ban on smoking, where such a ban exists and is indicated by appropriate signage;
- I. carries out minor works on the company's premises in his/her own interest or on behalf of third parties, outside working hours and without using the company's materials, but using the company's equipment;
- J. otherwise fails to comply with the provisions of this contract or commits any misconduct that is detrimental to the discipline, morals, hygiene and safety of the production plant.

A warning will be issued for minor offences, a fine and suspension for major ones.

The amount payable for fines that do not constitute damage compensation shall be paid to existing corporate social security and welfare institutions or, failing that, to the Sickness Insurance Fund.

Fines and suspensions will be issued for major misconduct, such as:

- knowing acceptance of breaches of, or in any case failure to respect, the values and ethical principles of conduct set out in the company's Code of Conduct, general principles of conduct and control protocols set forth herein and the obligations to inform the Supervisory Board by persons under its control and management, punishable with a verbal reprimand;
- breaches of, or in any case failure to respect, the values and ethical principles of conduct set out in the Code of Conduct, the general principles of conduct and control protocols set forth herein and obligations to inform the Supervisory Board, due to negligent non-compliance or negligent performance of work, not attributable to a deliberate intention to not fulfil one's duty and in any case not causing damage.

The amount payable for fines that do not constitute damage compensation shall be paid to corporate existing social security and welfare institutions or, failing that, to the Mutual Sickness Insurance Fund.

- Dismissal due to misconduct

Dismissal due to misconduct is applicable to the employee found guilty of:

- particularly serious infringements during the performance of activities in so-called sensitive areas, such, however, as not to require the application against the Company of the measures set forth in the Decree;
- breaches of, or in any case failure to respect, the values and ethical principles of conduct as set out in the Code of Conduct, the general principles of conduct and control protocols set forth herein and obligations to inform the Supervisory Board, showing gross negligence, causing serious damage to the Company or to other Recipients, or malicious intent;
- acceptance of breaches of, or failure to respect, the values and ethical principles of conduct set out in the Code of Conduct, the general principles of conduct and the control protocols set forth herein and, in general, the obligations to inform the Supervisory Board by the persons under its control and management, showing gross negligence, causing serious damage to the Company or other Recipients, or malicious intent, punishable with dismissal;
- in particular, the committing of an infringement of such importance as to constitute, in a reasonably concrete manner, grounds for one of the offences contemplated by Leg. Dec. 231/2001, showing gross negligence or malicious intent, regardless of the initiation or outcome of any criminal proceedings against the employee or the Company;
- final conviction for predicate offences under Leg. Dec. no. 231/01 and, in all cases of committed offences the nature of which makes a continuation of the employment relationship untenable.

#### **A) Dismissal with notice**

An employee who commits Infringements of work discipline and diligence that are more serious than those set forth in art. 9, yet are not so serious as to warrant the imposing of the sanction under letter B).

By way of example, the infringements include:

- a) insubordination to superiors;
- b) culpable damage to plant equipment or processing materials;
- c) unauthorised performance of minor works in one's own interest or on behalf of third parties without using the company's materials;
- d) fighting in the production plant but outside processing units;
- e) abandonment of the workplace by staff specifically entrusted with surveillance, custody or control duties, other than in the cases provided for in point e) of letter B) below;
- f) prolonged unjustified absences of more than 4 consecutive days or repeated absences three times a year on the day following bank holidays or holidays;
- g) definitive sentence of imprisonment imposed on the employee for an act committed not in connection with the employment relationship, to the detriment of the worker's moral character;

h) recidivism for any of the offences referred to in art. 9, when two suspension orders referred to in art. 9 have been issued, without prejudice to the provisions of the final section of art. 8.

### **B) Dismissal without notice**

This sanction is imposed on a worker who causes serious moral or material harm to the company or who, in connection with the employment relationship, performs actions that constitute offences under the law.

By way of example, the infringements include:

- a) serious insubordination to superiors;
- b) company theft;
- c) theft of sketches or drawings of machinery, tools or other objects, or of company documents;
- d) intentional damage to company equipment or to processing materials;
- e) leaving the workplace in such a way that the safety of persons or of installations is endangered or, in any case, performing actions that entail the same dangers;
- f) smoking where this may cause harm to the safety of persons or installations;
- g) performance of unauthorised work in one's own interest or on behalf of third parties, of more than minor relevance and/or using the company's materials;
- h) fighting inside processing units.

In the event of dismissal for misconduct as per point B) of art. 10 (without notice), the Company may order the non-disciplinary precautionary suspension of the worker with immediate effect, for up to 6 days.

The employer will inform the worker in writing of the relevant facts underpinning the measure, and will examine any contrary claims. If the dismissal is enforced, it will take effect from the time of the ordered suspension.

With regard to the assessment of the aforementioned Infringements, disciplinary proceedings and the imposing of sanctions, the powers of the employer remain unaltered, and may be conferred to specially delegated persons.

As mentioned *ut supra*, the Supervisory Board is necessarily involved in the sanctioning procedure for breaches of the Model, in that a disciplinary sanction for Model breaches may not be imposed without prior notification to the Supervisory Board.

This communication is superfluous when the sanction is proposed by the Supervisory Board itself.

The Supervisory Board shall likewise be notified of any decision to dismiss the disciplinary proceedings referred to in this paragraph.

Workers will be given immediate and thorough information about the introduction of any new provision, with an internal communication explaining the grounds and summarising its content.

According to the provisions of the disciplinary procedure under the Workers' Statute, the applicable CCNL as well as all other relevant legislative and regulatory provisions, employees found to be guilty of actions or omissions contrary to the provisions of Law no. 179 date 30 November 2017 (so-called Whistleblowing law), taking into account the seriousness and/or recidivism of the conduct, are subject to the sanctions laid down therein.

#### **6.4 SANCTIONS AGAINST MANAGEMENT**

The manager or executive relationship is eminently fiduciary in nature. The manager's conduct is reflected not only within the Company, but also externally, for instance in terms of market image and more in general vis-à-vis the various stakeholders.

Therefore, compliance on the part of the Company's managers and executives with the provisions of this Model and the obligation for them to enforce its provisions is essential for the work of managers or executives, since it constitutes a stimulus and example for all those in the reporting line.

Any Infringements committed by the Company's executives and managers, by virtue of the special fiduciary relationship between them and the Company and the absence of a reference disciplinary system, shall be punished with the disciplinary measures deemed most appropriate to the individual case, in compliance with the general principles identified above in the paragraph on General Principles for Sanctions, general legislation and contractual provisions.

The same disciplinary measures are envisaged in cases in which a manager or executive expressly allows, or fails to stop, direct reports to engage in conduct at odds with the Model or in breach thereof, conduct that may be qualified as Infringements.

In greater detail, the disciplinary measures taken in the case of more serious Infringements are as follows:

- Dismissal with notice

The sanction of dismissal with notice applies in the case of particularly serious Infringements during the performance of activities in so-called *sensitive* areas, such, however, as not to require the application against the Company of the measures laid down in the Decree.

- Dismissal without notice

The sanction of dismissal without notice shall apply in the event of particularly serious Infringements that may lead to the application against the Company of the measures

provided for in the Decree, and in any case more serious than those described for cases of dismissal with notice, such as to seriously undermine the fiduciary element of the employment relationship, and prevent the continuation, even on a provisional basis, of the employment relationship, which is underpinned by the fiduciary relationship.

If Infringements of the Model by managers or executives constitute a criminal offence under the Decree, and if the manager or executive receives notice that he/she is among the persons under investigation in the register of criminal offences pursuant to art. 335 of the Code of Criminal Procedure prior to the disciplinary sanction set forth in the Organisation, Management and Control Model, the Company reserves the right to apply, at its own discretion, the following alternative provisional measures against those responsible, awaiting the criminal trial:

- precautionary suspension of the manager, without removing the right to full remuneration;
- assignment to a different position within the Company.

At the conclusion of the criminal trial confirming the breach of the Model by the manager, he/she shall undergo the disciplinary measure in place for cases of more serious Infringements.

The Supervisory Board shall also issue an opinion - albeit not binding - on the procedure for imposing sanctions on managers further to Model breaches.

This involvement is presumed when the proposal for the application of the sanction comes from the Supervisory Board itself.

The Supervisory Board shall likewise be notified of any decision to dismiss the disciplinary proceedings referred to in this paragraph.

## **6.5 MEASURES AGAINST INDIVIDUALS QUALIFYING AS C-SUITE (ART. 5(1)(A) OF THE DECREE)**

The Company assesses with the utmost rigour Infringements<sup>14</sup> of this Model committed by those who represent the Company and are thus responsible for its image towards the various stakeholders.

The values of fairness and transparency must first and foremost be embraced, shared and respected by those responsible for corporate decisions, so as to set an example and stimulate all those working for the Company at any level.

Breaches of the principles and measures laid down in the Company's Organisation, Management and Control Model by members of the Board of Directors shall be promptly

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<sup>14</sup> Infringements here also include the breach of whistleblower protection measures and the conduct of persons who file reports, with malicious intent or gross negligence, that turn out to be unfounded.

reported by the Supervisory Board to the entire Board of Directors and to the Board of Statutory Auditors.

The Board of Directors has the power to assess the Infringement and take the most appropriate measures against the director(s) who committed the Infringement(s). In this assessment, the Board of Directors is assisted by the Supervisory Board, and takes decisions with the absolute majority of those present, excluding the director(s) who committed the Infringement(s), after hearing the opinion of the Board of Statutory Auditors.

The Board of Directors, and the Board of Auditors, pursuant to art. 2406 of the Civil Code, are empowered to convene, if deemed necessary, the Shareholders' Meeting, in accordance with applicable legal provisions. The Shareholders' Meeting shall be convened for possible resolutions on removal from office or liability actions against directors.

## **6.6 MEASURES AGAINST THIRD PARTIES**

Any conduct of Third Parties that is at odds with the code of conduct indicated in this Model and brings with it the risk of committing an offence set forth in the Decree may result in the termination of the contractual relationship, or the right to withdraw from it, further to the specific contractual clauses included in the letters of appointment or in the contracts, without prejudice to the right to claim compensation if such conduct causes damage to the Company, such as, purely by way of example, in the event of sanctions against the Company, as provided for by the Decree, even as a precautionary measure.

The Supervisory Board, working in liaison with the CEO or another person delegated by the latter, shall ensure that Third Parties fully abide by the Code of Ethics and are duly informed of the consequences that may arise from the breach thereof.

## **7. MODEL DISSEMINATION AND TRAINING**

The CEO or another person delegated by him/her shall supervise training on the subject of the Decree, working closely with the Supervisory Board. Activities shall be on the following levels:

- administrative staff: general training will be given, followed by specific training for new recruits and refresher training in the event of major legislative changes. The Supervisory Board shall check the quality of training courses, the frequency of updates and the actual participation of staff. Training courses must at least introduce the legislation and Guidelines issued by the relevant Trade Association, examine in depth the principles contained in the Code of Ethics and in the General Section of the Model, and the fundamental role played by the Supervisory Board, providing information on the disciplinary system. A



number of examples should be presented - depending on specific needs - in order to illustrate general principles of conduct, control protocols and in general the obligation of informing the Supervisory Board in order to prevent predicate offences;

- other staff: a training course will be prepared that can be used in more autonomous circumstances, the contents of which will be similar in nature and scope to those described above, but adapted to non-classroom settings. The Supervisory Board shall check the adequacy of the training course and the actual participation of personnel, including newly recruited employees or those changing their position in the organisation, such as to require attendance of the course;
- third parties: a general informative note will be distributed to all those who have existing contractual ties with the Company within the context of so-called *sensitive* activities. This informative note will be given to parties with whom contractual relations will be established in the future when the relevant contracts are entered into. The Supervisory Board will check the adequacy of the informative note and its effective dissemination. In addition, all persons having contractual relations with the Company within the scope of so-called *sensitive* activities - the list of which is updated by the CEO or by another person delegated by him/her - shall be given a copy of the General Section of this Model and of the Code of Ethics, or shall be instructed to access copies thereof independently, for the purpose of signing it, needed for the correct execution of the contract.

## **8. CONFIRMATION OF THE MODEL'S ADEQUACY AND ITS EFFECTIVE IMPLEMENTATION**

Confirmation of the adequacy of the Model and its effective implementation is given by:

- the findings of monitoring activities carried out on an ongoing basis by the Heads of Functions, for each unit under their responsibility. To this end, the Company's CEO formally confirms at least once a year, through information gathered by Function Heads:
  - the identification of so-called *sensitive* activities, giving an assessment of their relevance in terms of the need to monitor the risk of predicate offences. This description is facilitated by means of an ad hoc questionnaire, updated at least once a year, enabling the Function Head to describe the emergence or modification of risks in the units for which he/she is responsible, possibly providing examples of potential offences;
  - that the instructions and contents of this Model have been complied with, indicating the main anomalies or irregularities detected through monitoring activities carried out to implement the Model, without prejudice to the requirement of periodically communicating such relevant information to the Supervisory Board;
- the Supervisory Board, exercising the supervisory and control powers described above, to which reference is made.