



Organisation, Management and Control Model

pursuant to Legislative Decree No. 231 of 8 June 2001

Approved at the meeting of the Board of Directors on 05/05/2023

GENERAL PART

Update No. 3

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## DEFINITIONS

<b>Sensitive Activities</b>	Activities of the Company within the scope of which there is a risk of offences being committed pursuant to Legislative Decree 231/2001.
<b>CCNL</b>	National Collective Labour Agreement applied to the company's employees.
<b>Legislative Decree 231/2001 or Decree</b>	Legislative Decree No. 231 of 8 June 2001 .
<b>Destinatari</b>	Those who perform, even de facto, functions of management, administration, direction or control of the Company; employees of the Company, of any rank and under any type of contractual relationship, even if seconded abroad for the performance of activities; those who, although not belonging to the Company, operate, for any reason, in the interest of the same; collaborators and contractual counterparties in general.
<b>Confindustria Guidelines</b>	Confindustria document (approved on 7 March 2002 and subsequently updated in 2004, 2008, 2014 and 2021) for the preparation of organisation, management and control models pursuant to Legislative Decree 231/2001.

**Lumson or Company**

Lumson S.p.A.

**Model**

This Organisation, Management and Control Model, including its general part and special part, *pursuant to* Legislative Decree 231/2001.

**Supervisory Board or SB**

Body provided for in Article 6 of Legislative Decree 231/2001, entrusted with the task of supervising the operation of and compliance with the Model.

**PA**

Public Administration, by which is meant jointly:

- Public entities: entities created by an act of the State to meet the organisational or functional needs of the State itself, such as, for example, municipalities and provinces, reclamation or irrigation consortia, chambers of commerce, ENAC, INPS, INAIL, IPSEMA;

- Public Officials: persons who perform a legislative, judicial or administrative public function and who can form or manifest the will of the PA through the exercise of authoritative or certifying powers, such as, for example, members of state and territorial administrations, supranational administrations (e.g., the European Union), the Police and the Guardia di Finanza,

Chambers of Commerce, Building Commissions, judges, bailiffs, auxiliary bodies of the administration of justice (e.g. insolvency practitioners), administrators and employees of public bodies, private individuals vested with powers enabling them to form or manifest the will of the PA;

- persons entrusted with a public service: persons who, for whatever reason, perform a public service, to be understood as an activity governed in the same manner as a public function, but characterised by the absence of the powers typical of the latter, with the exclusion of the performance of simple public order tasks and the performance of merely material work. Even a private individual or an employee of a private company may be qualified as entrusted with a public service when he performs activities aimed at the pursuit of a public purpose and the protection of a public interest

**Procedures**

procedures, *policies*, organisational provisions, service orders and all other provisions, measures and acts of the Company that implement the control principles contained in this document .

**Senior Persons**

Individuals holding top management positions (representation, administration or management of the Entity or of one of its organisational units with financial and functional autonomy) or persons exercising de facto management and control.

**Subordinates/Employees**

Persons subject to the direction or supervision of one of the Key Persons who have an employment relationship of any kind with the Company, as well as workers on secondment or under para-subordinate employment contracts.

**Third Party**

Commercial and financial partners, consultants, collaborators in any capacity, including casual ones, including agents, trainees, interns, customers and suppliers, and, in general, anyone who has professional or contractual relations with the Company.

**Whistleblowing**

Reporting of unlawful conduct relevant under Legislative Decree No. 231/2001 or violations of the Organisation, Management and Control Model of which the reporter has become aware in the performance of his duties.

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## STRUCTURE OF THIS DOCUMENT

This document consists of a General Section and a Special Section, consisting of Protocols governing Sensitive Activities.

The General Part deals with the following topics:

- the regulations set out in Legislative Decree 231/2001;
- the *governance* system of the Company;
- the methodology for preparing the Model;
- the subjects to which the Model applies;
- the composition and functioning of the Supervisory Board;
- the system of sanctions to guard against violations of the Model;
- dissemination of the Model and staff training.

The Special Section governs the company processes and the corresponding Sensitive Activities for the Company pursuant to the Decree, i.e. at risk of offences, the control Protocols protecting the aforesaid activities and the essential control measures designed to prevent or mitigate offences.

The following also form an integral part of the Model:

- the document "*Control & Risk Self Assessment and Gap Analysis ex Legislative Decree 231/2001*", which formalises the results of the *Control and Risk self assessment* activity aimed at identifying Sensitive Activities;
- all the provisions, internal measures, deeds and corporate operating procedures that constitute the implementation of this document (e.g. powers, organisation charts, articles of association). These deeds and documents are available in the manner provided for their dissemination within the Company.

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**GENERAL PART****1. Legislative Decree No. 231 of 8 June 2001****1.1. The criminal liability of entities**

Legislative Decree 231/2001 ('Regulations on the administrative liability of legal entities, companies and associations, including those without legal personality, pursuant to Article 11 of Law No 300 of 29 September 2000'. ), issued on 8 June 2001, and which came into force on the following 4 July, provides for the liability of entities for certain offences committed - or even only attempted - in the interest or to the advantage of the same by persons in positions of representation, administration or management of the entity itself or of one of its organisational units with financial and functional autonomy and, lastly, by persons subject to the management or supervision of one of the above-mentioned persons. A form of liability of the body in addition to that of the natural person who materially committed the act constituting the offence.

**1.2. The categories of so-called predicate offences**

The catalogue of offences for which, in addition to the natural person who committed them, the entity is also liable, consists of an initial and original, fairly limited nucleus, to which other offences were subsequently added. This catalogue has thus been considerably expanded over the years, also as a result of European Union legislation, thus extending the scope of the criminal liability of entities.

By way of example, the categories of offence currently provided for in Article 24 et seq. of Legislative Decree 231/2001 are set out below:

**Art. 24**

Misappropriation of funds, fraud to the detriment of the State, a public body or the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public procurement.

**Article 24-bis**



Computer crimes and unlawful processing of data.

**Article 24-ter**

Organised crime offences.

**Art. 25**

Embezzlement, extortion, undue inducement to give or promise benefits, bribery and abuse of office.

**Article 25-bis**

Forgery of money, public credit cards, revenue stamps and instruments or identifying marks.

**Article 25-bis.1**

Crimes against industry and trade.

**Article 25-ter**

Corporate offences.

**Article 25-quater**

Crimes for the purpose of terrorism or subversion of the democratic order.

**Article 25-quater.1**

Practices of female genital mutilation.

**Article 25-quinquies**

Crimes against the individual personality.

**Article 25-sexies**

Market abuse offences and other market abuse offences (Article 187-quinquies of the Consolidated Law on Finance).

**Article 25-septies**

Manslaughter or grievous or very grievous bodily harm committed in breach of the rules on health and safety at work.

**Article 26-octies**

Receiving, laundering and using money, goods or benefits of unlawful origin, as well as self-laundering.

**Article 25-octies.1**

Offences relating to non-cash payment instruments.

**Article 25-novies**

Copyright infringement offences.

**Article 25-decies**

Inducement not to make statements or to make false statements to the judicial authorities.

**Article 25-undecies**

Environmental offences

**Article 25-duodecies**

Employment of illegally staying third-country nationals.

**Article 25-terdecies**

Racism and xenophobia.

**Article 25-quaterdecies**

Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices.

**Article 25-quinquiesdecies**

Tax offences.

**Article 25-sexiesdecies**

Smuggling.

**Art. 25-septiesdecies**

Provisions on offences against cultural heritage.

**Art. 25-duodecies**

Laundering of cultural property and devastation and looting of cultural and landscape assets.

**Art. 26**

Attempted crimes.

**Art. 12, Law No. 9/2013**

Liability of entities for administrative offences resulting from a criminal offence [This is a prerequisite for entities operating in the virgin olive oil sector].

**Law No. 146/2006**

Transnational offences [These constitute a precondition for the administrative liability of entities if certain offences are committed transnationally].

The entity may also be called upon to answer before the Italian courts for offences committed abroad under the following conditions:

- the general conditions for prosecution provided for in Articles 7, 8, 9 and 10 of the Criminal Code exist in order to be able to prosecute in Italy an offence committed abroad;
- the entity has its head office in the territory of the Italian State;
- the State of the place where the offence was committed does not prosecute the entity.

### 1.3. The criteria for imputing liability to the entity ; the exemption from liability

In addition to the commission of one of the alleged offences, other regulatory requirements must be met in order for the entity to be punishable under Legislative Decree 231/2001. These further criteria for the liability of entities can be divided into 'objective' and 'subjective'.

The first objective criterion is the fact that the offence was committed by a person linked to the entity by a qualified relationship. In this regard, a distinction is made between:

- "persons in top positions", i.e. those who hold positions of representation, administration or management of the entity, such as, for example, directors, general managers or managers of an autonomous organisational unit and, in general, persons who manage, also de facto, the entity itself or one of its autonomous organisational units;
- "subordinate persons", in other words those who are subject to the direction and supervision of persons in top positions. This category includes employees and those persons who, although not part of the staff, have a task to perform under the direction and control of senior persons.

The identification of the aforementioned persons does not depend on the contractual framework of the relationship they have with the entity; in fact, they must also include persons not belonging to the entity's staff, if they act in the name of, on behalf of or in the interest of the entity.

A further objective criterion is the fact that the offence must be committed in the interest or to the advantage of the entity; it is sufficient that at least one of the two alternative conditions is met

- the interest exists when the offender has acted with the intention of favouring the entity, regardless of whether that objective was then actually achieved;
- advantage exists when the entity has derived - or could have derived - a positive result, economic or otherwise, from the offence.

As for the subjective criteria for imputing liability to the entity, these relate to the preventive instruments it has adopted to prevent the commission of one of the predicate offences in the exercise of its business activity.

In fact, the Decree, in the event of the commission of an offence by a person in an apical position, provides for exemption from liability for the entity if it proves that

- the management body has adopted and effectively implemented, prior to the commission of the offence, organisational, management and control models capable of preventing offences of the kind committed;
- the task of supervising the operation of and compliance with the models has been entrusted to a body of the entity endowed with autonomous powers of initiative and control;
- the person in an apical position committed the offence by fraudulently circumventing the models;
- there was no or insufficient supervision by that body.

In the case of offences committed by subordinates, the entity may instead be held liable only if it is established that the commission of the offence was made possible by a failure to comply with management or supervisory obligations, which is in any case excluded if, prior to the commission of the offence, the entity has adopted organisational, management and control models capable of preventing offences of the kind committed.

#### **1.4. The Decree's indications regarding the characteristics of the organisation, management and control model**

The Decree merely regulates certain general principles concerning the organisation, management and control model, providing for the following minimum content:

- identification of the activities of the entity within the scope of which offences may be committed;
- provision of specific protocols aimed at planning the formation and implementation of the entity's decisions, in relation to the offences to be prevented;
- identification of methods for managing financial resources that are suitable for preventing the commission of offences;

- adoption of an appropriate disciplinary system to sanction non-compliance with the measures indicated in the model;
- identification of information flows to the Supervisory Board;
- provision of an appropriate reporting channel to ensure, by computerised means, the confidentiality of the reporter's identity;
- provision, in relation to the nature and size of the organisation and the type of activity carried out, of appropriate measures to ensure that the activity is carried out in compliance with the law and to detect and eliminate risk situations in good time.

The Decree stipulates that the model must be subject to periodic verification and updating, both in the event of significant violations of the provisions and in the event of significant changes in the organisation or activity of the entity.

### 1.5. Sanctions

The entity held liable may be sentenced to four types of penalty, differing in nature and in the manner of execution:

1. **Monetary penalty:** this is always applied if the judge holds the entity liable. It depends on a system sized in 'quotas' that are determined by the judge. The amount of the pecuniary sanction depends on the seriousness of the offence, the degree of liability of the company, the activity carried out to eliminate or mitigate the consequences of the offence or to prevent the commission of other offences. The judge, in determining the quantum of the penalty, also takes into account the economic and asset conditions of the company.
2. **Disqualification sanction:** may be applied in addition to pecuniary sanctions but only if expressly provided for in respect of the offence for which proceedings are being prosecuted and only where at least one of the following conditions is met
  - the entity has derived a significant profit from the offence and the offence was committed by a senior person, or by a subordinate, but only if the commission of the offence was made possible by serious organisational deficiencies;

- in the event of repeated offences.

The prohibitory sanctions provided for in the Decree are:

- disqualification from exercising the activity;
- suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
- the prohibition to contract with the Public Administration, except to obtain the performance of a public service;
- exclusion from facilitations, financing, contributions or subsidies and the possible revocation of those already granted;
- the ban on advertising goods or services.

Exceptionally applied with definitive effects, disqualification sanctions are usually temporary, ranging from three months to two years, and are aimed at the specific activity to which the offence committed by the entity relates. They may also be applied as a precautionary measure, prior to the conviction, at the request of the Public Prosecutor, if there are serious indications of the entity's liability and there are well-founded and specific elements to suggest that there is a concrete danger that offences of the same type as the one being prosecuted may be committed.

3. **Confiscation:** Confiscation of the price or profit of the offence or of goods or other utilities of equivalent value is always ordered upon conviction.
4. **Publication of the conviction:** may be imposed when a disqualification sanction is applied to the Entity. It is effected by posting in the municipality where the Entity has its head office and by publication on the Ministry of Justice website.

Administrative sanctions against the entity are time-barred within five years from the date of commission of the offence underlying the administrative offence.

The final conviction of the entity is entered in the national register of administrative offence sanctions.

The Decree also regulates the entity's liability regime in the event of transformation, merger, demerger and transfer of a company.

In the event of the transformation of the entity, liability for offences committed prior to the date on which the transformation took effect remains unaffected. The new entity will therefore be subject to the sanctions applicable to the original entity, for offences committed prior to the transformation.

In the event of a merger, the entity resulting from the merger, including by incorporation, is liable for the offences for which the entities that took part in the merger were liable.

In the event of a demerger, the liability of the demerged entity for offences committed prior to the date on which the demerger took effect remains unaffected, and the entities benefiting from the demerger are jointly and severally liable to pay the financial penalties imposed on the demerged entity within the limits of the value of the net assets transferred to each individual entity, unless it is an entity to which the branch of activity within which the offence was committed was also partially transferred; disqualification penalties are applied to the entity (or entities) into which the branch of activity within which the offence was committed has remained or merged.

In the event of the transfer or assignment of the business within the scope of which the offence was committed, except for the benefit of prior execution of the assigning body, the assignee is jointly and severally obliged with the assigning body to pay the pecuniary sanction, within the limits of the value of the transferred business and within the limits of the pecuniary sanctions resulting from the compulsory books of account or due for offences of which the assignee was in any case aware.

## **2. Lumson S.p.A.: the Company and its *corporate governance* and internal control system**

### **2.1. The Company**

Lumson S.p.A. is a company specialising in the production, decoration and marketing of containers for the pharmaceutical and cosmetics industry, as well as dispensing pumps and dispensing systems, and the study and research for the acquisition and development of related markets. The company is based in Italy.



## 2.2. The corporate governance system

The Company's *corporate governance* system is currently structured as follows:

- Board of Directors: is vested with the broadest powers for the achievement of the corporate purposes and for the ordinary and extraordinary management of the Company, with the sole exception of those acts that, according to the law and the Articles of Association, are the exclusive competence of the Shareholders' Meeting;
- Auditors: the management of the company is supervised by five auditors;
- Auditing Company: the auditing of the Company is carried out by an auditing company listed in the register established at the Ministry of Justice.

The Company's *corporate governance* system includes the Model and the Procedures, aimed not only at preventing the offences provided for in the Decree, but also at making the control system as efficient as possible.

The aforementioned documents constitute an integral and essential part of the Model and recognise the legal relevance and mandatory effectiveness of the ethical principles and *standards of conduct* described therein, also with a view to preventing corporate offences and placing compliance with the regulations in force at its foundation.

## 2.3. The Internal Control System

Lumson S.p.A.'s internal control system, with particular reference to Sensitive Activities and consistently with the provisions of the Confindustria Guidelines, is based on the following principles:

- clear identification of the roles, tasks and responsibilities of the individuals involved in carrying out the company's activities (internal or external to the organisation);
- segregation of duties between those who operationally perform an activity, those who control it, those who authorise it and those who record it (where applicable);
- verifiability and documentability of *ex post* operations: the relevant activities carried out (especially in the context of Sensitive Activities) are adequately formalised, with particular

reference to the documentation prepared during their implementation. The documentation produced and/or available on paper or electronic support is filed by the Functions/subjects involved;

- Identification of preventive controls and *ex-post*, *manual and automatic* checks: manual and/or automatic controls are envisaged to prevent the commission of offences or to detect *ex-post* irregularities that might conflict with the purposes of the Model.

The components of the internal control system can be traced back to the following elements:

- system of ethical principles aimed at preventing the offences provided for in the Decree;
- sufficiently formalised and clear organisational system;
- system of authorisation and signature powers consistent with the defined organisational and management responsibilities;
- management control system capable of providing timely warning of the existence and emergence of critical situations;
- system of staff communication and training on the elements of the Model;
- disciplinary system adequate to penalise violation of the Model's rules;
- system of operating procedures, manual or computerised, aimed at regulating activities in company areas at risk with appropriate control measures;
- information system for the performance of operational or control activities in the context of Sensitive Activities, or in support thereof.

With reference to the system of ethical principles, the communication and training system and the disciplinary system, please refer to the Company Policy, as well as to the provisions of paragraphs 6 and 7 of this General Section.

The Company's organisational system is defined through the preparation of a company organisational chart and the issuing of delegations of functions and organisational instructions (*service, job*

*descriptions*, internal organisational directives), which provide a clear definition of the functions and responsibilities assigned to each local organisational unit.

The authorisation and decision-making system translates into an articulated and coherent system of delegation of functions and powers of attorney of the Company, based on the following principles:

- Delegations of authority combine each management power with the relevant responsibility and an appropriate position in the organisational chart, and are updated in line with organisational changes;
- each delegation specifically and unambiguously defines and describes the delegate's management powers and the person to whom the delegate reports hierarchically/functionally;
- the management powers assigned with delegated powers and their implementation are consistent with the corporate objectives;
- the delegate must have spending powers appropriate to the functions conferred upon him/her;
- Powers of attorney are granted exclusively to persons with an internal functional delegation or a specific assignment and provide for the extent of the powers of representation and, where applicable, expenditure limits.

#### **2.4. Management of financial resources**

Article 6(2)(c) of the Decree explicitly states, moreover, that the Model must '*identify methods of managing financial resources suitable for preventing the commission of offences*'.

To this end, the management of financial resources is defined on the basis of principles characterised by a reasonable segregation of duties, such as to ensure that all disbursements are requested, carried out and controlled by independent functions or persons as distinct as possible, who, moreover, are not assigned other responsibilities that could lead to potential conflicts of interest.

Furthermore, the Company has adopted Procedures to regulate Sensitive Activities and thus to guide and guarantee the implementation and enforcement of the control measures provided for by the Model. In particular, the Procedures ensure the application of the following principles:

- clear formalisation of roles, responsibilities, methods and timetables for carrying out the regulated operational and control activities;
- representation and regulation of the separation of duties between the person who takes the decision (decision-making impetus), the person who authorises its implementation, the person who performs the activities and the person entrusted with control;
- traceability and formalisation of each relevant activity of the process covered by the procedure in order to reconstruct a posteriori what has been achieved and have evidence of the control principles and activities applied;
- adequate archiving of relevant documentation.

In order to safeguard the company's documentary and information assets, adequate security measures are then in place to guard against the risk of loss and/or alteration of documentation relating to Sensitive Activities or unwanted access to data/documents.

### **3. Methodology for preparing the Model ; amending and updating the Model**

The Company's Model was also drafted and updated on the basis of the Confindustria 'Guidelines', updated to the June 2021 version.

The Company carried out a preliminary analysis of its corporate context and then an analysis of the areas of activity that present potential risk profiles in relation to the commission of the offences indicated by the Decree. In particular, the following were analysed: the Company's history, the corporate context, the market to which it belongs, the corporate organisation chart, the existing *corporate governance* system, the system of powers of attorney and proxies, the existing legal relations with third parties, the Company's operational reality, and the practices and procedures formalised and disseminated within the Company for carrying out operations.

For the purposes of preparing this document, consistently with the provisions of the Decree, the Confindustria Guidelines and the indications inferable to date from case law, the Company has therefore proceeded as follows:

- identification of the processes, sub-processes or company activities in which the predicate offences indicated in the Decree may be committed, by means of interviews with the heads of company functions;
- *risk self-assessment of the risks* of commission of offences and of the internal control system capable of preventing unlawful conduct;
- the identification of adequate control measures, either already in place or to be implemented in the company's operating procedures and practices, necessary for the prevention or mitigation of the risk of commission of the offences referred to in the Decree;
- the analysis of its system of delegations and powers and the allocation of responsibilities.

By resolution of the Board of Directors of 27 November 2015, the Company adopted its own Model. Subsequently, also as a result of regulatory interventions in the meantime, the Company updated this Model. Specifically, the Board of Directors resolved on the following updates:

- by resolution of the Board of Directors of 20 December 2018
- by resolution of the Board of Directors of 24 April 2020
- most recently by resolution of the Board of Directors of 05 May 2023

The Model must always be promptly amended or supplemented, exclusively by resolution of the Board of Directors, in the event that

- significant changes have occurred in the reference legislation (e.g.: introduction of new offences in the Decree), as well as in the organisation or activity of the Company;
- violations or circumventions of the provisions contained therein have been observed, which have demonstrated their ineffectiveness for the prevention of offences.

Changes to the Procedures are made by the Heads of the Functions concerned.

#### 4. Addressees of the Model and regulation of relations with third parties

The Model applies:

- to the Directors and Auditors of the Company;
- to Employees of the Company;
- to those who, in any case, operate by mandate and/or on behalf of the Company (e.g. by virtue of a contract, such as consultants, or by virtue of a specific power of attorney, such as lawyers in court); such persons are bound to comply with the Model by means of specific contractual clauses.

Furthermore, any contract entered into by the Company with suppliers of goods or services must include a commitment by the supplier or, if the supplier is a legal person, a guarantee that its directors and employees will commit themselves:

- to comply with applicable legislation and not to commit offences;
- to comply with the principles of the Company Policy (which are brought to the supplier's attention in the manner deemed most appropriate by the Company, e.g. by publication on its website);
- to comply with any requests for information by the Supervisory Board of the Company itself,

as well as the Company's right to proceed with the application of forms of protection (e.g. termination of the contract, application of penalties, etc.), where a breach of these commitments and guarantees is detected.

#### 5. The Supervisory Board

##### 5.1. Function

In compliance with the Decree, the Company entrusts its Supervisory Board with the task of constant monitoring:

- compliance with the Model by the persons to whom the Model applies, as identified in the previous paragraph, and the implementation of the Model's provisions in the performance of the Company's activities;
- on the effectiveness of the Model in preventing the commission of the offences referred to in the Decree.

Furthermore, it is the task of the Supervisory Board to promote and/or propose possible updates to the Model.

## 5.2. Requirements and composition of the Supervisory Board

Case law and *best practices on the* subject of Legislative Decree 231/2001 have identified the following requirements for the Supervisory Board as indispensable:

- **autonomy** and independence: the concepts of autonomy and independence do not have a definition that is valid in an absolute sense, but must be declined and framed in the operational complex in which they are to be applied. Since the Supervisory Board has the task of verifying compliance, in the company's operations, with the control measures applied, its position within the entity must guarantee its autonomy from any form of interference and conditioning by any component of the entity and, in particular, by the top management, especially considering that the function performed is also expressed in the supervision of the activities of persons in top positions. Therefore, the Supervisory Board is answerable, in the performance of its functions, only to the Board of Directors.

Moreover, in order to further guarantee the autonomy of the Supervisory Board, the Board of Directors provides it with company resources, in a number and competence proportionate to the tasks entrusted to it, and approves in the context of the formation of the company *budget* an adequate endowment of financial resources, proposed by the Supervisory Board, which the latter may use for any need necessary for the proper performance of its tasks (e.g. specialist consultancy, travel, etc.).

The autonomy and independence of the individual member of the Supervisory Board must be determined on the basis of the function performed and the tasks assigned to him/her, identifying from whom and from what he/she must be autonomous and independent in order to be able to perform such tasks. Consequently, each member must not hold decision-making, operational and management roles such as to compromise the autonomy and independence of the entire Supervisory Board. In any case, the requirements of autonomy and independence presuppose that the members are not in a position, not even potential, of personal conflict of interest with the Company.

Furthermore, the members of the Supervisory Board must not:

- hold operational positions in the Company;
  - being the spouse, relative or relative-in-law up to the fourth degree of kinship of the directors of the Company;
  - being in any other situation of actual or potential conflict of interest;
- **professionalism:** the Supervisory Board must possess, within it, technical and professional skills appropriate to the functions it is called upon to perform. Therefore, it is necessary that the Supervisory Board includes persons with adequate professionalism in economic, legal and corporate risk analysis, control and management matters. In particular, the Supervisory Board must possess the specialised technical skills required to perform control and advisory activities.

In order to ensure the professional skills useful or necessary for the activity of the Surveillance Body and to guarantee the professionalism of the Body (as well as, as already mentioned, its autonomy), a specific expenditure *budget* is allocated to the Surveillance Body, aimed at the possibility of acquiring outside the entity, when necessary, additional skills to its own. The Supervisory Board may thus, also by availing itself of external professionals, equip itself with resources competent, for instance, in legal matters, corporate organisation, accounting, internal controls, finance and safety in the workplace, etc.;



- **continuity of action:** the Supervisory Board carries out its activities on an ongoing basis.

Continuity of action must not be understood as 'incessant operativeness', since such an interpretation would necessarily impose a Supervisory Board exclusively within the entity, when in fact this would determine a diminution of the indispensable autonomy that must characterise the SB itself. Continuity of action means that the activity of the SB should not be limited to periodic meetings of its members, but should be organised on the basis of a plan of activities and the constant conduct of monitoring and analysis of the entity's system of preventive controls.

In compliance with the above-mentioned principles, and taking into account Lumson's structure and operations, the Supervisory Board of the Company itself is composed in collegial form of 3 members who are not part of the Company's staff.

### 5.3. Eligibility requirements for members of the Supervisory Board

The role of member of the Supervisory Board cannot be entrusted to a person who is:

- investigated or convicted, even if not yet final or with a suspended sentence, without prejudice to the effects of rehabilitation:
  - for one or more offences among those provided for in Legislative Decree 231/2001;
  - for any non-negligent offence to imprisonment for a term of not less than two years;
- disqualified, incapacitated, bankrupt or sentenced, even by a judgment that is not yet final, to a penalty involving disqualification, even temporary, from public office or inability to exercise executive offices;
- subjected or has been subjected to prevention measures ordered pursuant to Legislative Decree no. 159 of 6 September 2011 ("Code of anti-mafia laws and prevention measures, as well as new provisions on anti-mafia documentation, pursuant to Articles 1 and 2 of Law no. 136 of 13 August 2010");

- subject to the accessory administrative sanctions set forth in Article *187-quater* of Legislative Decree No. 58 of 24 February 1998.

#### **5.4. Appointment, revocation, replacement, disqualification and withdrawal**

The Board of Directors appoints the Supervisory Board, giving reasons for the decision concerning the choice of each member, after verifying the existence of the requirements set out in the preceding paragraphs, basing such decision not only on *CVs* but also on official and specific declarations collected directly from the candidates. Furthermore, the Board of Directors shall receive a declaration from each candidate attesting the absence of the reasons for ineligibility referred to in the previous paragraph.

After the formal acceptance of the nominees, the appointment is communicated to all levels of the company, via internal communication.

The Supervisory Board adopts its own Rules of Procedure, approving their contents and submitting them to the Board of Directors.

The Supervisory Board remains in office for three years. The members of the Supervisory Board may be re-elected at the end of their term of office.

Removal from office as a member of the Supervisory Board can only take place by resolution of the Board of Directors for one of the following reasons:

- the loss of the requirements set out in the preceding paragraphs;
- non-fulfilment of the obligations inherent in the assignment entrusted;
- lack of good faith and diligence in the performance of their duties;
- unjustified absence from more than two meetings of the Supervisory Board.

Each member of the Supervisory Board is obliged to inform the Board of Directors, through the Chairman of the Supervisory Board, of the loss of the requirements set out in the preceding paragraphs.

The Board of Directors revokes the appointment of the member of the Supervisory Board who is no longer suitable and, after adequate justification, immediately replaces him/her.

Incapacity or inability to hold office, before the expiry of the term, shall constitute grounds for forfeiture of office.

Each member of the Supervisory Board may withdraw from the office at any time, by formalising a written notice to be sent to the Board of Directors.

In the event of disqualification or withdrawal of one of the members of the Supervisory Board, the Board of Directors shall promptly replace the member who has become unfit.

#### **5.5. Activities and powers**

The Supervisory Board meets at least four times a year and whenever one of its members has requested the Chairman to convene it, justifying the appropriateness of convening it. Furthermore, it may delegate specific functions to the Chairman. Minutes are kept of each meeting of the Supervisory Board.

In order to perform its assigned tasks, the Supervisory Board is vested with all powers of initiative and control over all company activities and staff levels and reports exclusively to the Board of Directors, to which it reports through its Chairman.

The duties and powers of the SB and its members may not be syndicated by any other corporate body or structure, it being understood that the Board of Directors may verify the consistency between the activity actually performed by the Body and the mandate assigned to it. Furthermore, the Supervisory Body, unless otherwise provided for by law, has free access - without the need for any prior consent - to all the Functions and Bodies of the Company, in order to obtain any information or data deemed necessary for the performance of its duties.

The Supervisory Board performs its functions by coordinating and sharing information with the other Bodies or Control Functions existing in the Company. Furthermore, the Supervisory Board coordinates with the Company Functions involved from time to time for all aspects relating to the implementation of the Procedures. The Supervisory Board may also avail itself of the help and

support of employees and external consultants, particularly for issues requiring the aid of specialised skills.

The Supervisory Board organises its activities on the basis of an annual action plan, through which the initiatives to be undertaken aimed at assessing the effectiveness and efficacy of the Model are planned. This plan is submitted to the Board of Directors.

The Supervisory Board determines its annual *budget* and submits it to the Board of Directors for approval.

The Supervisory Board, in overseeing the effective implementation of the Model, is endowed with powers and duties that it exercises in compliance with the law and the individual rights of workers and stakeholders, as follows:

- carrying out, also through other parties (e.g. its own consultants), inspection activities;
- access to all documentation or information concerning the Company's activities, which it may request from all the Company's personnel, as well as from its Directors, Statutory Auditors and suppliers of goods and services;
- report to the Board of Directors serious and urgent facts, as well as any events that make it necessary to amend or update the Model;
- propose to the person holding the disciplinary power the adoption of sanctions linked to the violation of the Model;
- coordinating with the HR Function, in order to define training programmes concerning Legislative Decree 231/2001 and the Model;
- draw up a written report to the Board of Directors every six months, with the following minimum content:
  - summary of the activity, the checks carried out by the Supervisory Board during the period and their results;
  - any discrepancies between the Procedures and the Model;

- reports received on possible violations of the Model and the results of verifications concerning such reports, as well as facts that may constitute offences;
  - disciplinary procedures activated on the proposal of the Supervisory Board and any sanctions applied;
  - general evaluation of the Model and its effective functioning, with possible proposals for additions and improvements;
  - any changes in the regulatory framework;
  - statement of any expenses incurred;
- report to the Auditors, at least annually, on the application of the Model, its operation, updating and any relevant facts or events encountered. In particular, the Supervisory Board:
- reports to the Statutory Auditors any deficiencies found in the organisational set-up and the effectiveness and functioning of the Procedures;
  - reports on violations of the Model and on facts that may constitute offences.

The Board of Directors, the Chairman and the Managing Director have the power to convene the Supervisory Board at any time. Similarly, the Supervisory Board has, in turn, the power to request, through the competent Functions or persons, the convening of the aforementioned corporate bodies for urgent reasons. Meetings with the bodies to which the SB reports must be minuted and copies of the minutes must be kept by the SB and the bodies involved from time to time.

#### **5.6. Information flows to the Supervisory Board and 'whistleblowing' reporting system**

In order to facilitate its supervisory activities on the effectiveness and functioning of the Model, the Supervisory Board is entrusted with:

- **information** useful and necessary for the performance of the supervisory tasks entrusted to the Supervisory Board itself;

- **reports of** alleged or actual violations of the Model and/or unlawful conduct relevant pursuant to Legislative Decree No. 231/2001, occurring or in progress.

a) **Information**

The Decree includes, among the suitability requirements of the Model, the establishment of information obligations vis-à-vis the Supervisory Board.

To this end, the Company has drawn up a specific operating procedure governing the flow of information to the Supervisory Board, which sets out the information that employees, managers and all those who cooperate in the pursuit of the Company's purposes are required to forward to the Supervisory Board.

The Supervisory Board is entitled to supplement the information to be transmitted to it in general or on a particular basis, at the times and in the ways defined by the Supervisory Board.

In particular, within the company, the information flows that must be communicated to the Supervisory Board are distinguished as follows:

- **event-driven information flows**, consisting of particularly relevant and significant information with respect to the Organisation and Management Model, which, precisely because of their nature, must be sent promptly to the Supervisory Board;
- **periodic information flows** relating to sensitive activities and the processes referable to them, which must be transmitted to the Supervisory Board by the corporate functions in accordance with the deadlines established by the latter;
- any other information, including from third parties, relating to the implementation of the Model that may be deemed useful for the performance of the tasks of the Supervisory Board.

In addition to the information to be forwarded in the manner described above, it is mandatory to forward to the Supervisory Board information concerning:

- measures and/or news concerning the existence of criminal proceedings, even against unknown persons, relating to facts of interest to the Company;

- measures and/or news concerning the existence of significant administrative proceedings or civil disputes relating to requests or initiatives of independent authorities, the financial administration, local administrations, contracts with the Public Administration, requests for and/or management of public financing;
- reports prepared by the heads of company departments as part of their control activities from which facts may emerge that are relevant for the purposes of compliance with the Model;
- the system of delegated and proxy powers adopted by the Company;
- reports of administrative, regulatory or tax infringements

Finally, it should be noted that this information may also be collected directly by the Supervisory Board in the course of its periodic control activities, through the methods that the Board deems most appropriate.

**b) Reports**

The obligation to report is incumbent on all personnel (senior management and those subject to their direction and supervision) who come into possession of information relating to the commission of offences relevant for the purposes of Legislative Decree 231/01 or to conduct not in line with the rules of conduct. The reporting obligations are also addressed to third parties who operate, in any capacity, on behalf of or in the interest of the Company in the context of corporate activities at risk and to whom the Company provides adequate information on the Model adopted.

Reports must be substantiated and based on concrete facts.

The channels dedicated to the transmission of reports must guarantee the confidentiality of the identity of the reporter in the management of the report in compliance with Article 6 of Legislative Decree No. 231/2001.

The Company, in accordance with the provisions of Law No. 179/2017 (the so-called "whistleblowing" legislation), protects whistleblowers from retaliatory or discriminatory acts, whether direct or indirect, for reasons related, directly or indirectly, to the report.

According to the express normative dictate "it is absolutely forbidden to implement direct or indirect retaliatory or discriminatory acts against the reporter for reasons directly or indirectly related to the report" (Art. 2, para. 1, Law no. 179/2017).

### **Method of transmission of reports to the Supervisory Board**

With regard to the way alerts are transmitted, the following requirements apply:

- all reports, concerning violations or suspected violations of the Model, of its general principles, or unlawful conduct relevant under Legislative Decree no. 231/2001, must be made in writing; the Body shall act in such a way as to guarantee the authors of the reports against any form of retaliation, discrimination, whether direct or indirect, or penalisation or any consequence arising therefrom, ensuring the confidentiality of the identity of the person making the report, without prejudice to legal obligations and the protection of the rights of Lumson S.p.A. or of the persons wrongly accused and/or in bad faith;
- Reports must be sent by the person concerned directly to the Supervisory Board in the manner provided for in this paragraph (*see below*);

In accordance with the provisions of Law No. 179/2017, specific and diversified information channels are established for the transmission of information and/or reports to the Supervisory Board, namely:

1. sending e-mail communications to the e-mail address exclusively reserved for the Supervisory Board: [odv@lumson.it](mailto:odv@lumson.it); the confidentiality of communications sent to that address is ensured;
2. sending a written communication in a sealed envelope, by postal service, to the Supervisory Board at

Supervisory Board

**Lumson S.p.A.**

Via Tesino, 62/64,

26010 - Capergnanica (CR);



3. The Company, in compliance with the above-mentioned reference legislation, has also equipped itself with a Whistleblowing platform (Whistleblowing channel) such as to guarantee the confidentiality of the identity of the Whistleblower and the protection of any third parties mentioned in the Whistleblowing and to prevent access by unauthorised personnel.

The platform can be reached at: <https://lumson.integrityline.com/>

Furthermore, even in the absence of reports of violations or alleged violations of the Model and its annexes, it is possible to communicate with the Supervisory Board to obtain "information" concerning operational aspects or to obtain clarifications concerning the understanding and application of the Model and/or to request a meeting to communicate in person with the Supervisory Board:

- by directly addressing one of the internal members of the Supervisory Board;
- sending such requests to the Supervisory Board via the contact details identified above.

The reports received and the documentation managed by the Supervisory Board in general are kept by the Supervisory Board itself in a special archive, on paper or computer, for the entire duration of the Company. Access to this archive is allowed to the members of the Board of Directors and to the Single Statutory Auditor, as well as to persons authorised by the Supervisory Board from time to time.

## **6. System disciplinary**

### **6.1. General Principles**

The Decree provides that a '*disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model*' must be put in place both for persons in apical positions and for persons subject to the direction and supervision of others.

The existence of a system of sanctions applicable in the event of non-compliance with the rules of conduct, prescriptions and internal procedures laid down by the Model is, in fact, indispensable to ensure the effectiveness of the Model itself.

The application of the sanctions in question must remain entirely independent of the course and outcome of any criminal or administrative proceedings initiated by the judicial or administrative

authorities, in the event that the conduct to be censured also constitutes a relevant offence under the Decree, or a relevant criminal or administrative offence under the regulations on the protection of health and safety in the workplace. In fact, the rules imposed by the Model are assumed by the Company in full autonomy, regardless of the fact that any conduct may constitute a criminal or administrative offence and that the judicial or administrative authorities intend to pursue such an offence.

The verification of the adequacy of the disciplinary system, the constant monitoring of any proceedings for the imposition of sanctions against employees, as well as actions against external persons are entrusted to the Supervisory Board, which also reports any infringements of which it becomes aware in the course of its duties.

## **6.2. Violations of the Model**

The Model is violated by conducts:

- integrating the types of offences covered by the Decree;
- which, although they do not constitute one of the offences covered by the Decree, are unequivocally directed towards their commission;
- non-compliant with the Procedures referred to in the Model and the Company Policy;
- non-compliant with the provisions laid down in the Model or referred to in the Model and, in particular, non-compliant with the control provisions in the Special Part and the Procedures referred to in the Model;
- non-cooperating with the SB, consisting, by way of example but not limited to, in refusing to provide the information or documentation requested, in failing to comply with the general and specific directives issued by the SB in order to obtain the information deemed necessary for the performance of its duties, in failing to participate without a justified reason in inspections scheduled by the SB, in failing to attend training meetings;
- that constitute a breach of the measures for the protection of the person reporting to the Supervisory Board;

- of those who make, with malice or gross negligence, reports to the Supervisory Board of a violation or conduct that may constitute an offence, which prove to be unfounded.

The seriousness of violations of the Model will be assessed on the basis of the following circumstances:

- the presence and intensity of the intentional element;
- the presence and intensity of negligent, careless, reckless conduct;
- the extent of the danger and/or consequences of the violation for the persons covered by the regulations on health and safety in the workplace, as well as for the Company;
- predictability of consequences;
- the time and manner of the breach;
- the circumstances under which the infringement took place;
- recidivism, consisting in the repeated imposition of disciplinary sanctions for violations of the Model, as well as in the repetition of disciplinary behaviour, assessed both in its episodic nature and as a whole (even if not sanctioned).

### **6.3. Measures against employees**

Violation of the individual rules of conduct set out in this Model by employees subject to the collective labour agreement(s) applied by the Company constitutes a disciplinary offence.

Any type of violation of the behavioural rules contained in the Model authorises the SB to request the competent corporate function to initiate the disciplinary procedure and the possible imposition of one of the sanctions listed below, determined on the basis of the seriousness of the violation committed in the light of the criteria indicated in paragraph 6.2 and of the behaviour before (e.g. any previous violations committed) and after the fact (e.g. communication to the SB of the irregularity) of the author of the violation.

The disciplinary measures that can be imposed on the said workers - in compliance with the procedures provided for in Article 7, paragraphs 2 and 3, Law No. 300 of 30 May 1970 (Workers'

Statute) and any special applicable regulations, as well as with the applicable CCNL (Employees in the rubber, electric cables and similar industries and in the plastics industry) - are those provided for in the following sanctions:

- verbal warning;
- written warning;
- fine in an amount not exceeding three hours' pay;
- suspension from duty and pay for a period not exceeding three days;
- dismissal for just cause.

In any case, the competent corporate function shall always keep the Supervisory Board informed of any sanctions imposed and/or violations ascertained.

In particular, with reference to violations of the Model committed by the worker, it is provided that:

- The measures of verbal warning or written reprimand, depending on the seriousness of the breach, shall be applied to any employee who violates the Procedures laid down in the Model or adopts, in the performance of activities in sensitive activities, a conduct in breach of the provisions of the Model, provided that such conduct does not give rise to the application of measures laid down in the Decree;
- a fine shall be imposed on a worker who commits a repeat offence in any of the offences that require a verbal warning or written reprimand, as referred to in the preceding point, more than twice in the space of two years, or who repeatedly violates the Procedures set out in the Model or repeatedly adopts, in the performance of activities in sensitive activities, a conduct in breach of the provisions of the Model, provided that such conduct does not give rise to the application of measures set out in the Decree;
- Suspension from work and pay for a period not exceeding three days shall be imposed on any employee who

- in violating the Procedures laid down in the Model or adopting, in the performance of activities in sensitive activities, a conduct in breach of its provisions, causes damage to the Company or exposes it to an objective situation of danger, provided that such conduct is not in any case unequivocally directed towards the commission of an offence or does not give rise to the application of measures laid down in the Decree;
  - engages in recidivist behaviour in any of the offences which carry the fine referred to in the preceding paragraph, more than twice within a period of two years;
  - violates the measures for the protection of the person reporting a violation or conduct that may constitute an offence to the Supervisory Board;
  - makes, with wilful misconduct or gross negligence, reports to the Supervisory Board of a violation or conduct that may constitute an offence, which prove to be unfounded;
- An employee who engages in conduct in violation of the provisions of the Model is liable to be dismissed for just cause pursuant to Article 2119 of the Civil Code, because he commits a serious breach of discipline and/or diligence at work, which causes serious moral or material damage to the company:
- recidivist in any of the offences that provide for the suspension referred to in the preceding paragraph;
  - not conforming to the prescriptions of the Model and unequivocally directed towards the commission of an offence sanctioned by the Decree;
  - such as to determine the concrete application against the Company of the measures provided for in the Decree.

In addition, with specific reference to violations of the Model's provisions concerning the protection of health and safety in the workplace in accordance with the provisions of Ministry of Labour Circular No. 15816 of 11 July 2011 concerning the "*Organisation and management model pursuant to Article 30, Legislative Decree 81/2008*":

- an employee who does not comply with the Model shall be subject to a written reprimand if the violation leads to a situation of possible danger for the physical integrity of one or more persons, including the offender, and provided that none of the cases set out in the following points applies;
- any employee who commits a repeat offence of any of the offences for which the written warning referred to in the preceding point is issued more than twice within a two-year period, or who fails to comply with the Model, shall be liable to a fine, if the breach results in the physical injury of one or more persons, including the offender, and provided that none of the cases provided for in the following points applies;
- suspension from work and pay for a period not exceeding three days shall be imposed on any employee who:
  - does not comply with the Model, in the event that the breach causes an injury, qualifiable as serious *under* Article 583(1) of the Criminal Code, to the physical integrity of one or more persons, including the offender, and provided that one of the hypotheses envisaged in the following point is not fulfilled;
  - engages in recidivist behaviour in any of the offences punishable by a fine, as specified in the preceding paragraph, more than twice within a period of two years;
- any employee who commits a recidivist offence in any of the offences entailing suspension from service and pay, as specified in the preceding point, more than twice within a two-year period shall be subject to disciplinary dismissal with the right to notice; an employee who does not comply with the Model shall be dismissed for just cause without notice in the breach causes injury, classifiable as grievous within the meaning of Article 583, paragraph 2 of the Criminal Code, to the physical integrity or death of one or more persons, including the offender.

It is understood that the provisions of the Model cannot be interpreted in such a way as to constitute a derogation from the provisions on sanctions for unjustified dismissals, set out in Article 18, Law 300/1970 as amended by Law no. 92 of 28 June 2012 and Legislative Decree no. 23 of 4 March 2015.

#### 6.4. Management violations of the Model and related measures

As regards violations of the individual rules set out in this Model committed by Company employees with managerial status, these also constitute a disciplinary offence.

Any type of violation of the behavioural rules contained in the Model in any case authorises the Supervisory Board to request the President to impose one of the sanctions listed below, determined on the basis of the seriousness of the violation committed in the light of the criteria indicated in paragraph 6.2 and the behaviour before (e.g. any previous violations committed) and after the fact (e.g. communication to the Supervisory Board of the irregularity) of the author of the violation.

The disciplinary measures that can be imposed on executives - in compliance with the procedures provided for in Article 7, paragraphs 2 and 3, Law No. 300 of 30 May 1970 (Workers' Statute), as well as with the applicable CCNL (Industry Executives) and any special applicable regulations - are those provided for in the following sanctions:

- verbal reprimand
- written reprimand;
- fine;
- disciplinary suspension from work and pay for a maximum period of 10 days;
- dismissal for justified subjective reason pursuant to Article 2118 of the Civil Code;
- dismissal for just cause pursuant to Article 2119 of the Civil Code.

In any case, the competent corporate function shall always keep the Supervisory Board informed of any sanctions imposed and/or violations ascertained.

In particular, with reference to violations of the Model committed by the Company's managers, it is provided that

- in the event of a non-serious breach of one or more procedural or behavioural rules laid down in the Model, the manager incurs a verbal or written reprimand (consisting of a warning to comply with the Model) or a fine;

- in the event of a non-serious but repeated breach of one or more procedural or behavioural rules laid down in the Model, the manager is subject to disciplinary suspension from work and pay;
- in the event of a serious breach of one or more procedural or behavioural rules laid down in the Model such as to constitute a significant breach, or in the event of recidivism in any of the offences entailing disciplinary suspension at least twice within a two-year period, the manager incurs the measure of dismissal on justified subjective grounds pursuant to Article 2118 of the Civil Code;
- where the violation of one or more procedural or behavioural rules provided for in the Model is so serious as to irreparably damage the relationship of trust, not allowing the continuation, even temporary, of the employment relationship, the manager incurs the measure of dismissal for just cause pursuant to Article 2119 of the Civil Code.

Moreover, for the Company's employees with managerial status, it constitutes a serious violation of the provisions of the Model:

- non-compliance with the obligation to direct or supervise subordinate workers as to the correct and effective application of the Model;
- non-compliance with the obligation to manage and supervise other workers who, although not linked to the Company by a subordination bond (i.e. self-employed workers, Consultants, Collaborators, etc.), are nevertheless subject to the management and supervision of the manager pursuant to Article 5(1)(b) of Legislative Decree No. 231/2001, without prejudice to the qualification of the contract with such workers.

#### **6.5. Measures against members of the Administrative Body and Auditors**

In the event of violation of the Model by one or more members of the Company's Administrative Body, the Supervisory Board will inform the entire Board of Directors and the Statutory Auditors, who will take the appropriate measures in line with the seriousness of the violation committed, in the light of the criteria indicated in paragraph 6.2 and in accordance with the powers provided for by the



law and/or the Articles of Association (statements in the minutes of meetings, request for a convocation or convening of the Shareholders' Meeting with appropriate measures against the individuals responsible for the violation on the agenda, etc.).

The disciplinary measures that can be imposed on one or more members of the Administrative Body, subject to the resolution of the Board of Directors to be adopted with the abstention of the person concerned and, where provided for by law and/or the Articles of Association, by resolution of the Shareholders' Meeting, are those provided for in the following sanctioning apparatus:

- written recall;
- temporary suspension from office;
- removal from office.

In particular, with reference to violations of the Model committed by one or more members of the Administrative Body of the Company, it is provided that

- in the event of a non-serious breach of one or more of the procedural or behavioural rules laid down in the Model, the member of the Administrative Body incurs the written reprimand consisting of a reminder to comply with the Model, which is a necessary condition for maintaining the fiduciary relationship with the Company;
- in the event of a serious breach of one or more procedural or behavioural rules laid down in the Model, the member of the Administrative Body incurs the measure of temporary suspension from office;
- in the event of a serious breach of one or more procedural or behavioural rules laid down in the Model such as to irreparably damage the relationship of trust, the member of the Administrative Body incurs revocation from office.

In addition, for members of the Administrative Body of the Company, the violation of the obligation to direct or supervise subordinates as to the correct and effective application of the provisions of the Model shall also constitute a breach of the Model.

In the event of a violation of the Model by the entire Administrative Body of the Company, the Supervisory Board shall inform the Auditors so that they may promptly convene the Shareholders' Meeting for appropriate measures.

In the event of a breach by the Statutory Auditors, inherent to the function of controlling the adequacy of the organisational, administrative and accounting structure adopted by the Company and its actual functioning, as provided for by law, the Supervisory Board will inform the Administrative Body, which will take the appropriate measures in line with the seriousness of the breach and in accordance with the powers provided for by law and/or the Articles of Association (statements in the minutes of meetings, request to convene or call a Shareholders' Meeting with appropriate measures against the individuals responsible for the breach on the agenda, etc.).

#### **6.6. Measures against members of the Supervisory Board and third parties**

For measures against members of the Supervisory Board, please refer to the rules governing the removal of members from office (section 5.4).

For measures against third parties, please refer to the rules governing relations with them (section 4).

### **7. Communication of the Model and training of the addressees**

External communication of the Model is taken care of by the *Human Resources* function and is carried out through the means deemed most appropriate (e.g. the Company's website).

Training on the Model and the relevant regulations is operationally entrusted to the *Human Resources* function, which coordinates with the Supervisory Board for this purpose.

The Company formalises and implements specific training plans, with the aim of ensuring effective knowledge of the Decree, the Company Policy and the Model; the contents of the training are differentiated according to whether it is addressed to employees in their generality, to employees operating in specific risk areas, to Directors, etc.

Participation in the training is compulsory and attendance is tracked.

Training can also take place through the use of IT tools (e.g. *e-learning*) and is carried out with the support of experts in the relevant legislation.

## 8. Introduction to the Special Part

As already highlighted in paragraph 3, pursuant to the provisions of Article 6(1)(a) of the Decree, the Company proceeded to identify Sensitive Activities (*Control and Risk Self Assessment*).

The Company has consequently identified and effectively implemented adequate safeguards in the control system to make it suitable for reducing the risk of offences being committed.

Protocols include:

- the Sensitive Activities with reference to each of the categories of offences identified as relevant for the Company;
- for each sensitive activity, the control measures in place, aimed at or in any case suitable for reducing the risk of the commission of offences. These control measures are contained and implemented in the Procedures and in the other components of the internal control system.

## 9. Crimes relevant to the Company

In view of the structure and activities carried out by the Company, through its *Control and Risk Self Assessment* activity, the Company has identified the following categories of offences as relevant:

- offences against the Public Administration (Articles 24 and 25);
- information offences and unlawful processing of data (Article 24-bis);
- organised crime offences (Article 24-ter);
- forgery of money, public credit cards, revenue stamps and identification instruments or signs (Article 25-bis);
- offences against industry and trade (Article 25-bis.1);
- corporate offences, including the offence of corruption between private individuals (Article 25-ter);

- offences against the individual (Article 25-quinquies);
- culpable homicide and grievous or very grievous bodily harm committed in breach of the rules on the protection of health and safety at work (Article 25-septies);
- Receiving, laundering and using money, goods or benefits of unlawful origin, as well as selflaundering (Article 25-octies);
- offences relating to non-cash payment instruments (Article 25-octies 1);
- copyright infringement offences (Article 25-novies);
- inducement not to make statements or to make false statements to the judicial authorities (Article 25-decies);
- environmental offences (Article 25-undecies);
- employment of third-country nationals whose stay is irregular (Art. 25-duodecies) ;
- tax offences (Article 25-quinquiesdecies);
- smuggling (Article 25-sexiesdecies)

#### 10. **General control measures**

In the management of all Sensitive Activities, in addition to the provisions of the Company Policy, the following control measures apply:

- conduct is prohibited:
  - such as to constitute the offences considered above;
  - which, although does not in itself constitute offences falling within those considered above, may potentially become such;
  - in any case not in line or not in conformity with the principles and prescriptions contained in the Model and in the Company Policy;

- the management of Sensitive Activities must be carried out exclusively by the competent corporate functions;
- Company employees must scrupulously comply with, and respect, any limits provided for in the organisational delegations or powers of attorney granted by the Company;

Company employees are required to comply with the company procedures applicable to Sensitive Activities, duly updated and disseminated within the organisation.