



MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL

pursuant to Legislative Decree no. 231 of 8 June 2001

and following amendments and implementations

REVISIONE	APPROVAZIONE	NATURA DELLA MODIFICA
	Board resolution dated 07/30/2015	Adoption
Rev 1.	Board Resolution of 07/30/2019	Update: Changes in the organization and the introduction of new offenses
Rev 2.	Board Resolution dated 20/12/2022	II Update: Changes in the organization and integration of ARaymond Group documents and the introduction of new criminal offenses

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1. DEFINITIONS

- "CASTELLO ITALIA S.p.A. " or "The Company": CASTELLO ITALIA S.p.A.;
- "CCNL": National Collective Labour Agreement currently in force and applied by CASTELLO ITALIA S.p.A.;
- "Code of Ethics": code of conduct and ethics adopted by the ARaymond Group of which Castello Italia is part (see paragraph 2.2. below);
- "Consultants": those who act in the name and/or on behalf of CASTELLO ITALIA S.p.A.; on the basis of a mandate or other collaboration relationship;
- "Legislative Decree 231/2001" or "Decree": Legislative Decree 231 of 8 June 2001 and subsequent amendments;
- "Recipients": Employees, Consultants, Partners, Service Companies, Corporate Bodies and any other collaborators, including persons employed by employment agencies, in any form of CASTELLO ITALIA S.p.A.;
- "Senior management": persons who hold positions of representation, administration or management of the Company or one of its units with financial and functional autonomy, as well as persons who exercise, even de facto, the management and control of the Company;
- "Subordinates": persons subject to the management or supervision of one of the Senior Managers and therefore and persons having a subordinate or para-subordinate employment contract with the Company;
- "Employee" or "Employees": all employees of CASTELLO ITALIA S.p.A.; (including executives);
- "Consultants": those who act in the name of and/or on behalf of CASTELLO ITALIA S.p.A.; on the basis of a mandate or other collaborative relationship;
- "Guidelines": the Guidelines for the construction of organisation, management and control models *pursuant to* Legislative Decree 231/2001 approved by Confindustria on 7 March 2002 and subsequent updates;
- "Models" or "Model": the models or the model of organisation, management and control provided for by Legislative Decree 231/2001 or the present model of organisation, management and control prepared for the purpose of preventing offences pursuant to Articles 6 and 7 of the Decree, in addition to the organisational and control instruments in force at the Company (Code of Ethics, Operational Provisions, service orders, organisation charts, powers of attorney, manual operational delegations, mapping of the risks of crime);
- "Sensitive Transaction": transaction or act that is part of the Sensitive Processes and may be of a commercial, financial, technical-political or corporate lobbying nature (with regard to the latter category, examples are: capital reductions, mergers, demergers, transactions on the shares of the parent company, contributions, returns to shareholders, etc.);
- "Corporate Bodies": the members of the Board of Directors and the Board of Statutory Auditors of CASTELLO ITALIA S.p.A.;
- "Supervisory Body" or "SB": internal body responsible for supervising the functioning and observance of the Model and its updating;

- "P.A." or "PA": the Italian and/or foreign Public Administration, including the relevant officials and persons in charge of a public service;
- "Partners": contractual counterparties of CASTELLO ITALIA S.p.A. such as suppliers, agents, commercial partners, occasional and permanent resellers, both natural and legal persons, with whom the Company enters into any form of contractually regulated collaboration (purchase and transfer of goods and services, Temporary Business Association, joint ventures, consortia, etc.), when destined to cooperate with the Company in the context of Sensitive Processes;
- "Sensitive Processes" or "sensitive processes": activities of CASTELLO ITALIA S.p.A. in which the risk of commission of Offences occurs;
- "Protocols and Procedures": protocol is the set of rules, i.e. the minimum organisational principles that must be put in place for the prevention of a risk envisaged by Legislative Decree 231/2001. The procedure, declaring the protocol, defines who, at what point in the process and with what tools implements these rules;
- "Offence" or "Offences": the individual offence or offences to which the provisions of Legislative Decree 231/2001 and subsequent amendments and additions apply;
- "Rules and General Principles": the rules and general principles set out in this Model;
- "Service companies": third party companies that provide services to CASTELLO ITALIA S.p.A..
- "Board of Statutory Auditors": Board of Statutory Auditors of CASTELLO ITALIA S.p.A. which monitors compliance with the law and the articles of association, compliance with the principles of proper administration and in particular the adequacy of the organisational, administrative and accounting structure adopted by the company and its actual functioning.
- TUF: means Legislative Decree No. 58 of 24 February 1998. - Consolidated Law on Financial Intermediation.

2. INTRODUCTIVE NOTE TO THE MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

2.1 2019 VERSION

As a result of changes in the organisation and the introduction of new types of offence from which administrative liability derives pursuant to Legislative Decree 231/2001, in December 2018 the Company, at the instigation of its Supervisory and Control Body, carried out a documentary analysis of the model pursuant to Legislative Decree 231/2001.

As a result, it emerged that the structure and contents of the model should have been updated to provide the necessary organisational, jurisprudential and regulatory updates.

The company has therefore decided to proceed with a new mapping of sensitive processes and the relative analysis of the risks of all predicate offences pursuant to Legislative Decree 231/2001, giving rise to a total revision of the model pursuant to Legislative Decree 231/2001, which is updated to the most recent organizational and regulatory structure.

2.2 2022 VERSION

On 8 October 2021, the purchase of 100% of Castello Italia from the ARaymond Group was concluded with the signing of the Sales and Purchase Agreement and the consequent appointment of the new Board of Directors in office for the next three years.

As a result of changes in the organization and integration of the ARaymond Group's documents and the introduction of new types of offences from which administrative liability derives pursuant to Legislative Decree 231/2001, the Company, at the instigation of its Supervisory and Control Board, carried out a documental analysis of the model pursuant to Legislative Decree 231/2001 for the period 2021-2022.

As a result, it emerged that the structure and contents of the model would have to be updated in order to make the necessary organizational, legal and regulatory updates.

The company therefore decided to proceed with a new mapping of sensitive processes and the relative risk analysis of all the predicate offences pursuant to Legislative Decree No. 231/2001, resulting in a total revision of the model pursuant to Legislative Decree No. 231/2001, which was then updated to the most recent organizational and regulatory structure.

3. LEGISLATIVE DECREE NO. 231/2001 AND THE RELEVANT LEGISLATION

On June 8, 2001, in execution of the delegation of power pursuant to art. 11 of Law no. 300 of September 29, 2000, Legislative Decree no. 231/2001 was issued, which entered into force on July 4, 2001, with the aim of adapting the internal regulations on the liability of legal persons to certain international conventions to which Italy has already adhered for some time¹.

The D.lgs. 231/2001, containing the "*Regulation on the administrative liability of legal persons, companies and associations, including those without legal personality*", introduced for the first time in Italy the criminal² liability of entities for certain crimes committed, in the interest or to the advantage of the same, by persons who hold positions of representation, administration or management of the entity or one of its organizational units with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the same and, finally, by persons subject to the management or supervision of one of the persons mentioned above. This liability shall be additional to that of the natural person who actually carried out the act.

The new liability introduced by Legislative Decree 231/2001 aims to involve in the punishment of certain criminal offences the assets of entities that have benefited from the commission of the offence. For all the offences committed, a **pecuniary sanction** is always applied, calculated in quotas (not less than one hundred nor more than one thousand, except for the existence of mitigating and aggravating circumstances, specifically identified in Legislative Decree 231/2001), each of which ranges from a minimum of Euro 258 to a maximum of Euro 1,549 (specifically identified on the basis of the economic and asset conditions of the entity and the effectiveness of the

¹ The delegating Law 29 September 2000, n. 300 ratifies and implements various international acts, drawn up on the basis of the Treaty of the European Union, including:

- the Convention on the protection of the European Community's financial interests (Brussels, 26 July 1995);
- the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union (Brussels, 26 May 1997);
- the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Paris, 17 December 1997).

² The nature of the new type of liability introduced into our legal system by Legislative Decree no. 231/2001 has been the subject of wide debate: the rented nature of the sanctions that can be imposed on the entity, the fact that this responsibility derives from the commission of an offence and is ascertained in the context of a criminal trial against the material author of the offence, reinforce the opinion of those who maintain that it is a "semi-penal" responsibility or "a tertium genus that combines the essential features of the criminal and administrative systems in an attempt to reconcile the reasons for preventive effectiveness with those, even more unavoidable, of the maximum guarantee" (Explanatory Report). Court of Cassation, n. 3615 of 20 December 2005 "Despite the "nomen iuris", the new responsibility, nominally administrative, conceals its substantially criminal nature; perhaps concealed in order not to open delicate conflicts with the personalistic dogmas of the criminal imputation, of constitutional rank (Art. 27 of the Constitution); interpreted in a reductive sense, as a prohibition of responsibility for the actions of others, or in a more varied way, as a prohibition of responsibility for innocent actions.

sanction). For some of the alleged offences, **disqualification measures** are also provided for, such as disqualification from carrying out the activity, suspension or revocation of authorisations, licences or concessions functional to the commission of the offence, prohibition of contracting with the Public Administration, exclusion or revocation of financing, contributions or subsidies and possible revocation of those already granted, prohibition of advertising goods and services.

Another main mandatory sanction is the **confiscation of the price or profit** of the crime, which is always ordered against the entity with the conviction, except for the part that can be returned to the injured party and without prejudice to the rights acquired by third parties of good faith.

The same can also be carried out "**by equivalent**", i.e. through the ablation of sums of money, goods or other benefits of a value corresponding to the price or profit of the offence.

Finally, in the event of the application of a disqualification sanction, the Judge may order the publication of the sentence against the entity, with costs to be borne by the latter.

For the **disqualification** measures envisaged, if there are serious indications of the existence of the entity's liability and there are well-founded and specific elements of repetition of the commission of the offence, a **precautionary measure** may be applied.

The precautionary measure also concerns **preventive seizure**, which can be ordered on all things that can be confiscated.

Disqualification sanctions are applied only in relation to offences for which they are expressly provided for when at least one of the following conditions is met (art. 13, paragraph 1 of the Decree): (i) the entity has made a *significant profit* from the offence and the offence was committed by *persons in a top management position* or by *persons subject to the direction of others* when, in the latter case, the commission of the offence was determined or facilitated by serious organisational shortcomings; (ii) in the event of *repetition of the offences*.

The sanctions of prohibition of the exercise of the activity, of prohibition of contracting with the public administration and of prohibition of advertising goods or services can be applied - in the most serious cases - definitively (art. 16 of the Decree).

With reference to the **persons involved**, according to the provisions of Legislative Decree 231/2001, the company is liable for crimes committed in its interest or to its advantage:

- i. by "*persons who hold positions of representation, administration or management of the entity or one of its organisational units with financial and functional autonomy, as well as persons who exercise, even de facto, the management and control of the same*" (so-called "persons in a top position"; art. 5, paragraph 1, letter a) of the Decree);
- ii. by persons subject to the management or supervision of persons in a senior position (so-called "persons subject to the management of others", art. 5, paragraph 1, letter b) of the Decree).

By express legislative provision (art. 5, paragraph 2 of the Decree) the entity is not liable if the persons indicated have acted in their own exclusive interest or that of third parties.

In the case of an offence committed by a Senior Person, the entity is not liable if it proves that (art. 6, paragraph 1 of the Decree):

- a) the management body has adopted and effectively implemented, before the offence was committed, organisational and management models suitable for preventing offences of the type that have occurred;
- b) the task of supervising the functioning, effectiveness and observance of the models, as well as their updating, has been entrusted to an internal body with autonomous powers of initiative and control;
- c) the natural persons have committed the offence by fraudulently circumventing the organisation and management models;
- d) there has been no omission or inadequacy of supervision by the body referred to in point (b) above.³

³ The illustrative report of the Decree underlines, in this regard: "*starting from the presumption (empirically founded) that, in the case of an offence committed by a top management, the "subjective" requirement of responsibility of the body is satisfied, since the top management expresses and represents the body's policy; if this does not happen, it must be the company that proves its extraneousness and this can only be done by proving the existence of a series of requirements that are competing with each other*".

The Decree outlines the content of the **organisation and management models** (art. 6, paragraph 2 of the Decree), providing that they must respond - in relation to the extent of the delegated powers and the risk of committing offences - to the following requirements:

- a) identify the activities within which the Offences may be committed;
- b) prepare specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the Offences to be prevented;
- c) identify ways of managing financial resources that are suitable to prevent the commission of the Offences;
- d) prescribe obligations to provide information to the body responsible for supervising the functioning of and compliance with the organisational model;
- e) introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the organisational model.

In the case of an offence committed by persons subject to the direction of others (art. 7 of the Decree), the entity is not liable if it demonstrates that the failure to comply with the obligations of direction or supervision did not contribute to the commission of the offence. In any case, the body's liability is excluded if, prior to the commission of the offence, it has adopted and effectively implemented an organisational, management and control model suitable for preventing the offences of the type that have occurred.

The organisation and management models can be adopted on the basis of codes of conduct drawn up by the associations representing the bodies, communicated to the Ministry of Justice which, in agreement with the competent Ministries, may make observations within 30 days on the suitability of the models to prevent the Offences (art. 6, paragraph 3 of the Decree).

CASTELLO ITALIA S.p.A. intends to comply with the discipline dictated by the Decree with the aim of preventing the commission of the Offences, equipping itself with a Model of organization, management and control, drawing inspiration, in the preparation of the same, from the Guidelines elaborated by Confindustria.

With regard to the offences to which the rules in question apply, these are currently the following cases

- a) Misappropriation of funds, fraud to the detriment of the State or a public body or European Union or to obtain public funds and fraud in public supply (Article 24 of Legislative Decree 231/2001).
- b) Computer crimes and unlawful processing of data (Article 24-bis of Legislative Decree 231/2001 - as amended by: Legislative Decree 7/2016).
- c) Organised crime offences (Article 24-ter of Legislative Decree 231/01) updated following the entry into force of Law 62/2014 which amended Article 416-ter of the criminal code "Mafia political electoral exchange" and Law 236/2016.
- d) Embezzlement, extortion, undue induction to give or promise benefits, bribery and abuse of office (Article 25 of Legislative Decree 231/2001, updated following the entry into force of Law 190/2012 which amended the heading and paragraph 3 of Article 25 of Legislative Decree 231/2001 known as "extortion by induction" and Law 09.01.2019 no. 3 introduces the crime of "trafficking in illicit influences" pursuant to Article 346-bis of the Criminal Code and Legislative Decree no. 75/2020 implementing the so-called PIF Directive).
- e) Counterfeiting of coins, public credit cards, revenue stamps and instruments or identification marks (Article 25-bis of Legislative Decree 231/2001) amended by Law 99/2009 and Legislative Decree 125/2016 of 21/06/2016, which amended Articles 453 of the Criminal Code and 461 of the Criminal Code.
- f) Crimes against industry and commerce (Article 25-bis1 of Legislative Decree 231/2001).
- g) Corporate Offences and Corruption between Individuals (Article 25-ter of Legislative Decree 231/2001) updated following the entry into force of Law 190/2012 which introduced the letter s-bis in paragraph 1 of Article 25-ter of Legislative Decree 231/2001 "corruption between Individuals", since the entry into force of Law 69/2015 "Provisions on offences against the public administration, mafia-type associations and false accounting", by the Decree.Legislative Decree 38/2017 of 15/03/2017, which amended the offences relating to bribery among private individuals (abrogation of the concept of *harm*) and indirectly by Law no. 3 of 09.01.2019, which further amended the offences of bribery among private individuals by repealing the prosecution by lawsuit, providing for prosecution ex officio.

- h) Crimes for the purposes of terrorism or subversion of the democratic order (Article 25-quater of Legislative Decree 231/01).
- i) Practices of female genital mutilation (Article 25-quater¹ Legislative Decree 231/01).
- j) Crimes against the individual (Article 25-quinquies Legislative Decree 231/01) updated by Law 38/2006 and following the entry into force of Legislative Decree 39/2014 "Implementation of Directive 2011/93/EU on combating the sexual abuse and sexual exploitation of children and child pornography" by Law 199/2016 which amended Article. 603-bis of the Criminal Code.
- k) Market abuse (Article 25-sexies of Legislative Decree 231/01).
- l) Manslaughter or serious or very serious injuries committed in violation of the regulations on the protection of health and safety at work (Article 25-septies of Legislative Decree 231/01).
- m) Receiving, laundering and use of money, goods or benefits of illicit origin, as well as self-laundering (Article 25-octies of Legislative Decree 231/01) updated following the entry into force of Law 186/2014 "Provisions on the emergence and return of capital held abroad and to strengthen the fight against tax evasion. Provisions on self-laundering", as amended by Legislative Decree 90 of 25 May 2017.
- n) Offences relating to non-cash payment instruments (Article 25-octies.1).
- o) Copyright infringement offences (Article 25-novies).
- p) Inducement to not make statements or to make false statements to the judicial authority (Article 25-decies of Legislative Decree 231/2001).
- q) Environmental crimes (Article 25-undecies of Legislative Decree 231/01) updated following the entry into force of Law 68/2015 "Provisions concerning crimes against the environment, by Legislative Decree 21/2018 which repealed Article. 260 of Legislative Decree no. 152 of 3 April 2006, finding sequential transposition in Article. 452-quaterdecies of the Italian Criminal Code and by Law n. 12 of 11/02/2019 (conversion into law of Decree Law 135 of 14.12.2018) which repeals from 1 January 2019 the waste traceability control system (SISTRI) referred to in Article 188-ter of Legislative Decree 152 of 3 April 2006 and, consequently, Article 260-bis of Legislative Decree 152/2006, which contained various detailed aspects of the SISTRI regulations).
- r) Employment of third-country nationals whose stay is irregular (Article 25-duodecies of Legislative Decree 231/01) introduced by Legislative Decree 109 of 16/07/2012 and amended by Law no. 161 of 17.10.2017).
- s) Racism and Xenophobia (art. 25 terdecies) introduced by Law no. 167 of 20.11.2017, amended by Legislative Decree 21/2018 of 01.03.2018 - "Provisions implementing the principle of delegation of the reserve code in criminal matters", which has made amendments to the Criminal Code and art. 25-terdecies (Racism and xenophobia).
- t) Fraud in sporting competitions, abusive exercise of gaming or betting and games of chance exercised by means of prohibited devices (Article 25-quaterdecies) introduced by Law No. 39 of 3 May 2019.
- u) Tax Crimes (Article 25-quinquiesdecies) introduced by Law No. 157 of 19 December 2019, implementation into law of Decree-Law No. 124 of 26 October 2019 "Urgent provisions on tax matters", amended by Legislative Decree No. 75 of 14 July 2020 "IMPLEMENTATION OF EU DIRECTIVE 2017/1371 ON THE FIGHT AGAINST FRAUD THAT DETECTS THE FINANCIAL INTERESTS OF THE UNION BY MEANS OF CRIMINAL LAW" (so-called PIF Directive).
- v) Smuggling (Article 25-sexiesdecies) introduced by Legislative Decree No. 75 of 14 July 2020 "IMPLEMENTATION OF EU DIRECTIVE 2017/1371 ON THE FIGHT AGAINST FRAUD THAT DETECTS THE FINANCIAL INTERESTS OF THE UNION THROUGH CRIMINAL LAW" (so-called PIF Directive).
- w) Crimes against the cultural heritage (Article 25-septiesdecies) introduced by Law No. 22 of 9 March 2022 concerning "Provisions on crimes against the cultural heritage";
- x) Laundering of cultural assets and devastation and looting of cultural and landscape assets (Article 25-duodecies) introduced by Law no. 22 of 9 March 2022 concerning "Provisions on offences against cultural heritage".
- y) Transactional offences⁴.

⁴ This type was introduced by Law no. 146 of 16 March 2006.

4. REFERENCE GUIDELINES

As part of the adaptation of the organisational and corporate structures to the provisions of Legislative Decree 231/2001, or in the preparation of this Model, CASTELLO ITALIA S.p.A. was therefore inspired by the Guidelines drawn up by Confindustria.

The choice was thus made in accordance with and in consideration of the most recent updating of its Guidelines by Confindustria⁵.

In order to be able to provide a useful and adequate tool for the evolving legislation, the Guidelines are, in fact, in a continuous phase of updating.

It is understood that the choice not to adapt the Model to certain indications of the Guidelines does not affect the validity of the same.

The individual Model, in fact, having to be drawn up with reference to the concrete reality of the Company, may well deviate from the Guidelines which, by their very nature, are of a general nature.

The essential characteristics for the construction of a Model are identified by the Guidelines in the following phases:

1. the identification of risks, i.e. the analysis of company structures in order to highlight in which area/sector of activity and according to which methods the types of offences envisaged by the Decree may occur;
2. the design of the control system (so-called protocols), i.e. the evaluation of the existing control system and any adjustment, in order to effectively counteract the risks previously identified.

The components of a system of preventive control against malicious offences, which must be implemented at company level to ensure the effectiveness of the Model, are thus identified by Confindustria:

- a) adoption of a Code of Ethics with reference to the offences considered;
- b) adoption of a formalised and clear organisational system, especially as regards the allocation of responsibilities;
- c) adoption of manual and IT procedures;
- d) adoption of a system of authorisation and signature powers;
- e) adoption of a management control system;
- f) adoption of a system of communication and staff training.

The above components must be inspired by the following principles:

- a) every operation, transaction and action must be verifiable, documented, consistent and appropriate;
- b) no one can manage an entire process autonomously;
- c) the control system must document the performance of the controls.

These principles are discussed in greater detail in the following chapters.

3. the appointment of the Supervisory Body, i.e. the body to which it entrusts the task of supervising the functioning and observance of the Model and ensuring that it is updated;
4. the provision of an autonomous disciplinary system or sanction mechanisms for violations of the rules of the Code of Ethics and the procedures provided for by the Model.

⁵ The update in force as of June 2021 of the reference guidelines for the updating of this Model was deemed by the Ministry "as a whole adequate and suitable for achieving the purpose set out in art. 6, paragraph 3, of Legislative Decree no. 231/2001".

5. MODEL AND CODE OF ETHICS

The Code of Ethics constitutes an essential part of the Model, together with the Business Partner Charter adopted by the ARaymond Group and Castello Italia, and which is herein fully referred to (in all its reformulations).

The rules of conduct contained in this Model are consistent with those of the Code of Ethics adopted by the ARaymond Group of which Castello Italia is a part, even though this Model has specific purposes in compliance with Legislative Decree 231/2001.

In this respect, in fact:

- the Code of Ethics represents an instrument adopted autonomously and capable of general application by the Company in order to express the principles of "corporate ethics" that the Company recognizes as its own and which requires compliance by all Employees, Corporate Bodies, Consultants and Partners.
- the Model, on the other hand, complies with specific provisions contained in Legislative Decree 231/2001, aimed at preventing the commission of particular types of crimes (for acts which, apparently committed for the benefit of the company, may entail administrative liability as a crime on the basis of the provisions of the Decree itself). The Model dictates the rules and provides for procedures that must be complied with in order to constitute an exemption for the Company for the purposes of liability under Legislative Decree 231/2001.

The Model assumes the compliance with all the above-mentioned documents, forming with them a body of internal rules aimed at spreading a culture ruled by ethics and corporate transparency. In this regard, in relation to the applicable local legislation on the criminal liability of legal persons, the Code of Ethics constitutes the first tool for preventing all offences. Therefore, the values and rules of conduct are also aimed at preventing and stigmatising the occurrence of conduct abstractly constituting the types of offences that may give rise to the administrative liability of entities.

To this end, the Group's Code of Ethics is integrated into the following parts:

At Article 1 - Basic behavioural norms, as last paragraph, the following provision is added: "ARaymond avoids any fraudulent, abusive, collusive or evasive practice of norms and takes every precaution to prevent any unjust damage from its activity".

In the last paragraph of Article 4 - Human Rights and Labour Rights, the following provision is added: "Castello Italia provides and ensures that, neither directly nor indirectly, through its suppliers or partners, is employed any irregular third-country national, resident in the territory where the company belonging to the ARaymond Group".

In the last paragraph of Article 5 - Health and Safety is modified as follows: "Health and safety measures and reports of incidents and accidents will be reviewed at least annually by each ARaymond company and by ARaymond Network Management and, in any case, verified by the relevant SB according to the applicable legislation in each case".

In the Article 6 - Data Security and Protection of Personal Data, the following provision is added as the last paragraph: "ARaymond, in full compliance with national and Community legislation on personal data protection, adopts specific rules aimed at providing, in particular, for the prohibition of undue communication and/or dissemination of personal data without the prior consent of the data subject. In particular, respect for the worker's dignity shall also be ensured through respect for privacy in correspondence and interpersonal relations between employees, through the prohibition of interference in conferences or dialogues and through the prohibition of intrusions or forms of control that may harm the personality".

The following provision is added to the last paragraph of Article 7 - Environmental Protection: "ARaymond integrates its activities in respect of environmental factors, starting from the design phase of processes and products, implementing actions aimed at: the continuous improvement of its environmental performance; the identification of areas for environmental improvement and, where possible, the application of the best available techniques; the control and reduction of the use of hazardous substances; energy saving; water saving; the minimisation of waste production and its recovery and recycling. In line with the evolution of scientific knowledge on climate change and compatible with its activities, ARaymond implements actions to reduce climate-altering gas emissions released into the atmosphere".

In the Article 11 - International Trade, Export & "Blacklisting" and Intellectual Property, the following provision is added to the last paragraph: "ARaymond guarantees the protection of trademarks and distinctive signs or patents, models or designs. ARaymond does not use industrial property rights or intellectual works of third parties outside the cases permitted by law. All employees and collaborators must treat with due confidentiality and protect ideas, models and other forms of intellectual property developed during the company's work, in connection with which the company may obtain patent coverage or any other type of intellectual property rights protection in its own name, without prejudice to the individual rights of employees and collaborators recognised by law. ARaymond undertakes not to realise projects and/or products that may infringe the intellectual property rights of third parties".

In the Article 14 - Integrity, Records and Financial Information as the last paragraph, the following provision is added: "ARaymond ensures the adequacy as well as the proper and effective functioning of the accounting framework adopted, providing for the regular maintenance of the accounts and the proper recognition in the accounting records of the operating events, in compliance with the regulatory rules and principles. ARaymond ensures full compliance with applicable tax laws and best practices, and is guided by the principles and criteria of caution and prudence in all its conduct regarding the receipt, management and/or issuance of tax documentation, including the import and export of goods from/to non-EU countries.

The third paragraph of Article 18 - Compliance Reporting and Audit Procedure is supplemented as follows: by means of the information flows, described in the MOGC, identified persons may report current or potential inconsistencies and criticalities to the relevant SB, which, after assessing the seriousness, may inform the Compliance Manager or activate the Safecall reporting system".

In Article 18.3, the following provision is added as the last paragraph: "The SB, in companies that have adopted the model, also performs annual audits in relation to the provisions of Legislative Decree No. 231/2001.

6. THE MODEL

6.1 THE CONSTRUCTION AND UPDATING OF THE MODEL

In 2015, the company launched an internal project aimed at ensuring the preparation of the Model referred to in Article 6 of the Decree.

The preparation of the Model was preceded by a series of preparatory activities divided into different phases and all aimed at building a system of risk prevention and management, in line with the provisions of Legislative Decree 231/2001 and inspired not only by the rules contained therein but also by the Guidelines.

Although the adoption of this Model is an "option" of the entity and not an obligation, the Company has decided to proceed with its preparation and adoption as it is aware that this system represents an opportunity to improve its Organizational Structure, while taking the opportunity of the activity carried out (inventory of Sensitive Processes, analysis of potential risks, evaluation and adaptation of the system of controls already existing on Sensitive Processes) to raise awareness of the resources used with regard to the issues of control of business processes, aimed at a "active" prevention of Offences.

On this occasion, a risk analysis was also carried out with reference to the commission of certain predicate offences considered, at the time of the first drafting of the Model, only theoretically conceivable.

The first draft of the model was approved by resolution of the Board of Directors on 30/07/2015; depending on changes in the corporate organisation and the introduction of new types of offence from which administrative liability derives pursuant to Legislative Decree 231/2001, in December 2018 the Company, at the instigation of its Supervisory and Control Body, carried out a documentary analysis of the model pursuant to Legislative Decree 231/2001.

As a result, it emerged that the structure and contents of the model should have been updated to provide the necessary organisational, jurisprudential and regulatory updates.

The company has therefore decided to proceed with a new mapping of sensitive processes and the relative analysis of the risks of all the predicate offences pursuant to Legislative Decree 231/2001.

The phases and methods for updating were not the same as those that characterized the preparation of the Model, but aimed at mapping processes by making an "assessment" of risk factors in association with activities/processes/business functions and in relation to the existing control system, which can be traced back to the 5 controls also provided for by the guidelines of CONFINDUSTRIA:

1. the existence of procedures to regulate sensitive activities;
2. the correct attribution of powers to carry out sensitive activities;
3. segregation (separation) of controls from operational management;
4. traceability, meaning the possibility of verifying at any time the type of interventions and solutions adopted to deal with risks;
5. monitoring, i.e. the existence of audit (control) activities by the Supervisory and Control Body and other bodies.

In addition to carrying out a new mapping of the offences already provided for in the existing Model, the 2019 update included analyses relating to the new types of offence from which administrative liability derives pursuant to Legislative Decree 231/01, introduced by law:

- **Law no. 186 of 15 December 2014**, which introduced the offence of self laundering into Article 25-octies of Legislative Decree 231/01 (*Receiving, laundering and using money, goods or benefits of illicit origin, as well as self laundering*) according with Article 648-ter.1 of the Italian Criminal Code;
- **Law no. 68 of 22 May 2015**, concerning "Provisions on crimes against the environment";
- **Law no. 69 of 27.05.2015**, containing "Provisions on crimes against the public administration, mafia-type associations and false accounting"
- **Legislative Decree no. 7/2016**, which amended and partly decriminalised certain predicate offences in relation to Article 24 bis of Legislative Decree no. 231/2001.
- **Legislative Decree no. 125 of 21.06.2016**, which amended Article 25-bis (Counterfeiting money, public credit cards, revenue stamps and identification instruments or signs - Amendments to articles 453 of the Criminal Code and 461 of the Criminal Code).
- **Law no. 199 of 29.10.2016**, which amended Article 25-quinquies (Crimes against the individual - Modified Article 603-bis of the Criminal Code) Illegal intermediation and labour exploitation)
- **Law no. 236 of 11.12.2016**, which amended Article 24-ter, which made changes to the offence (organ transplantation) Art. 416 c.p.
- **Legislative Decree no. 38 of 15.03.2017**, which implemented the provisions of Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector into national law and amended Articles 2635 and 2635-bis of the Civil Code.
- **New anti-money laundering standards under Legislative Decree no. 90 of 25.05.2017**, which implements Directive 2015/849/EU, (published in the Official Gazette General Series no. 140 of 19 June 2017 - Ordinary Supplement No. 28 and in force since 4 July 2017), which no longer meets the anti-money laundering obligations of the members of the SB appointed pursuant to Legislative Decree 231/2001, (without prejudice to the general supervision of money laundering prevention and self-money laundering pursuant to Article 25-octies of Legislative Decree 231/2001).
- **Law no. 161 of 17.10.2017** (Amendments to the Code of Anti-Mafia Laws and Prevention Measures, as per Legislative Decree no. 159 of 6 September 2011, the Criminal Code and the implementing, coordinating and transitional provisions of the Code of Criminal Procedure and other provisions. Delegation to the Government

for the protection of employment in seized and confiscated companies) that makes changes to Article 25-duodecies of Legislative Decree No 231/2001.

- **New ANAC Guidelines**, adopted by Resolution no. 1134/2017 of 8 November 2017, for the implementation of legislation on the prevention of corruption and transparency by companies and bodies governed by private law controlled and participated by public administrations and public economic bodies, which attribute the Organizational Model, Management and Control pursuant to Legislative Decree 231/2001 a central role in the prevention of corruption.
- **Law no. 167 of 20.11.2017** (*Provisions for the fulfilment of obligations deriving from Italy's membership of the European Union - European Law 2017*). The measure expands the catalogue of offences underlying the criminal liability of collective bodies. In particular, Article 5, paragraph 2, inserts Article 25-terdecies of Legislative Decree 231/2001, entitled "Racism and Xenophobia".
- **Law no. 179 of 30.11.2017**, which introduces **Whistleblowing** and amends Article 6 of Legislative Decree no. 231 of 8 June 2001, providing for amendments to the **disciplinary system** and the procedures for information flows to the Supervisory and Control Body.
- **Legislative Decree no. 21 of 01.03.2018** - Provisions implementing the principle of delegation of the reserve code in criminal matters, which has made amendments to the Criminal Code and consequently to Legislative Decree 231/2001.
- **Law no. 3 of 09.01.2019** - "Measures to combat offences against the Public Administration, as well as on the prescription of offences and on the transparency of political parties and movements"). Article 1, paragraph 9 of the law introduces into Article 25 of Legislative Decree 231/01, the new predicate offence relating to "trafficking in illicit influences" pursuant to Article 346-bis of the Italian Criminal Code; it also provides for a tightening of penalties, although accompanied by a new provision aimed at requesting the "procedural cooperation" of the entity, through the introduction of a specific mitigation of the duration of the disqualification sanctions. Important news also on the subject of "bribery between private individuals" because both for article 2635 cc (bribery between private individuals), for article 2635-bis (incitement to bribery between private individuals) the prosecution only by lawsuit is Abrogated, providing for prosecution ex officio.
- **Law no. 12 of 11.02.2019**, Conversion into Law of the Law Decree no. 135 of 14.12.2018 - "Urgent provisions on support and simplification for businesses and public administration". Article 6 "Provisions on the traceability of environmental data concerning waste" repeals from 1 January 2019 the waste traceability control system (SISTRI) referred to in Article 188-ter of Legislative Decree no. 152 of 3 April 2006 and, consequently, Article 260-bis of Legislative Decree no. 152/2006, which contained various detailed aspects of the SISTRI regulations (some of which are relevant for the purposes of 231).
- **Law no. 39 of 03.05.2019** - "Ratification and implementation of the Council of Europe Convention" - on the manipulation of sporting competitions.
- **Law no. 43 of 21.05.2019** "Amendment to article 416-ter of the criminal code on the subject of voting on political-mafia exchanges" which amended article 416 ter of the criminal code, already included in article 24 ter of Legislative Decree 231/2001.

A second update was made to the Model, which was approved by resolution of the Board of Directors on 30/07/2019.

In addition to the new types of offences introduced in the catalogue of predicate offences pursuant to Legislative Decree 231/01, in updating the model, due consideration was also given to the new regulations on Privacy upon of the entry into force on 25 May 2018 of the new Regulation 679/2016 GDPR (General Regulation on Data Protection) on the processing of personal data.

Following to this resolution and upon the introduction of new offences bringing administrative liability under Legislative Decree 231/2001, introduced after May 2019 - period in which the required checks for the Model were over -, upon suggestion of its SB, further examination was deemed necessary with reference to the following laws:

- **Law no. 69 of 19.07.2019**, "Amendments to the Criminal Code, the Code of Criminal Procedure and other provisions on the protection of victims of domestic and gender-based violence"

- **Law no. 117 of 04.10.2019**, which entered into force on 02.11.2019, granting the Government delegated powers to transpose and implement European directives, regarding the transposition of Directive 2017/1371 (so-called "PIF Directive") on "fighting fraud affecting the financial interests of the Union by means of criminal law";
- **Law no. 133 of 18.11.2019**, Conversion into Law, with amendments, of Law Decree no. 105 of 21.09.2019 – "Urgent provisions on the perimeter of national cyber security";
- **Law no. 157 of 19.12.2019**, Conversion into law of Law Decree no. 124 of 26.10.2019 "Urgent provisions on fiscal matters";
- **Legislative Decree no. 75 of 14.07.2020**, "Implementation of eu directive 2017/1371 on the fight against fraud that damages the financial interests of the union through criminal law" (so-called "PIF" Directive);
- **Legislative Decrees No. 116, 118, 119 and 121 of 03.09.2020** implementing the directives of the "Circular Economy Package", which make amendments to Legislative Decree 152/2006 for certain relevant offences pursuant to Legislative Decree 231/2001 and provides for the adoption of the model pursuant to Legislative Decree 231/2001 and the appropriate establishment of the Supervisory and Control Body for certain types of collective systems.
- **Legislative Decree, no. 184 of 8 November 2021**, "Implementation of Directive (EU) 2019/713 of the European Parliament and of the Council of 17 April 2019 on combating fraud and counterfeiting of non-cash means of payment and replacing Council Framework Decision 2001/413/GAI;
- **Legislative Decree, no. 195 of 08.11.2021**, "Implementation of Directive (EU) 2018/1673 of the European Parliament and of the Council of 23 October 2018 on combating money laundering by means of criminal law";
- **Law no. 22 of 09.03.2022** (Official Gazette No. 68 of 22 March 2022), concerning "Provisions on crimes against cultural heritage". The law reforms the criminal provisions for the protection of cultural heritage - currently contained mainly in the Cultural Heritage Code (Legislative Decree no. 42 of 2004) - and inserts them into the Criminal Code with the aim of carrying out a profound reform of the subject, redefining the structure of the discipline with a view to a tendency to tighten the sanctioning treatment.

A third update was made to the Model, which was approved by resolution of the Board of Directors on 20/12/2022. The phases in which the work for the first and second update of the Model were divided are briefly described below.

1) Identification of Sensitive Processes ("as-is analysis")

As-is analysis was carried out by examining company documentation (organisation charts, activities carried out, main processes, minutes of board meetings, powers of attorney, organisational instructions, service contracts, risk assessment documents, etc.) and conducting interviews with key persons within the company structure who are indicated in the risk assessment document and the relevant documents quoted which are fully referred herein.

The subjects interviewed for the second update of the model were:

- Production Manager
- Supply Chain Manager
- Purchasing Manager
- RSPP - Head of the Prevention and Protection Service for Safety at Work
- Quality and Environment Manager
- Head of Human Resources
- Head of Research and Development

- Head of Administration
- Automotive Sales Manager
- Commercial Industrial

Belonging to the plant in Casalmorano (CR).

The interviews were aimed at an in-depth analysis of the Sensitive Processes and their control (the business structure understood as the prevailing commercial and financial activity carried out, the company representatives involved, any existing procedures governing this activity, verifiability, documentation, consistency and consistency of operations, separation of responsibilities, documentation of controls, etc.).

The objective of this activity was to analyse the company situation in order to identify in which area/sector of activity and according to which methods the Offences could be carried out. The result is an updated representation of the Sensitive Processes, of the already existing controls and of the relative criticalities, with particular focus on the specific *compliance* and control elements to satisfy the requirements of the Model. The Sensitive Processes are those described in chapter 8 below.

From the specific point of view of both the obligations provided for in relation to the prevention of crimes of *money laundering, terrorism and subversion, as well as self-laundering*, a *specific mapping* has been carried out with the aim of reconsidering the operations and the procedures that govern them in order to understand if and what action was necessary to carry out in order to ensure constant compliance with the regulations in question.

In this context, the different application requirements and characteristics of the two bodies of legislation referred to (Legislative Decree 231/2001 and, if necessary, the principles of Legislative Decree 231/2007) have been taken into account, with a view, where necessary, to modifying or introducing, as a result of the mapping, operating procedures or organisational measures capable of meeting the requirements of both of these regulations.

The Anti-Money Laundering Mapping was conducted through a specific interview with the Finance Manager.

2) Carrying out gap analysis

On the basis of the current situation (existing controls and procedures on Sensitive Processes) and the provisions and aims of Legislative Decree 231/2001, actions have been identified that integrate the internal control system (processes and procedures) and improve the essential organisational requirements for the definition of a "specific" model of organisation, management and control pursuant to Legislative Decree 231/2001.

The results of the activities of Identification of Sensitive Processes ("as-is analysis") and Implementation of the "gap analysis", are highlighted in a summary document ("detail gap") that contains:

- general findings pursuant to Legislative Decree 231/2001
- the specific remarks referred to in Article 25 of Legislative Decree 231/2001
- list of respondents
- corporate structure
- process mapping
- correlation table of sensitive functions/activities
- list of annexes (documents evaluated during the Risk Assessment)
- analysis of risks by crime
- correlation tables for sensitive processes/company protocols
- correlation tables for sensitive processes / suggested preventive protocols

- activities in relation to the garrisons

The adjustments to the organisational structure and procedures resulting from the results of the "gap analysis" are documented in the summary synoptic that is attached and an integral part of this document and of the individual special parts that make it up. Starting from the second update of the Model, for each macro activity, the attachment shows the following:

- Areas and activities at risk
- Relevant offences
- Bodies - Functions involved
- Control devices

Furthermore, all documents examined and/or drawn up during the Identification of Sensitive Processes and the "gap analysis" phase are attachments to the Model.

6.2 THE FUNCTION OF THE MODEL

The adoption and effective implementation of the Model not only allows the company to benefit from the exemption provided for by Legislative Decree 231/2001, but also improves, within the limits set by the same, its Organizational Structure, limiting the risk of commission of the Offences.

The purpose of the Model is to prepare a structured and organic system of procedures and control activities (preventive and *ex post*) that aims to reduce the risk of commission of Offences by identifying Sensitive Processes and their consequent proceduralisation.

The principles contained in this Model must lead, on the one hand, to determining who acts on behalf of the Company to refrain from committing unlawful conduct (the commission of which is strongly condemned and contrary to the interests of the Company, even when apparently it could gain an advantage) even by directing its actions, and, on the other hand, thanks to constant monitoring of the activity, to allowing the Company to prevent or prevent the commission of Offences, allowing it to react promptly, even on a disciplinary basis, in the event of conduct that constitutes a violation thereof.

One of the aims of the Model is, therefore, to develop awareness among Employees, Corporate Bodies, Service Companies, Consultants and Partners, who operate on behalf of or in the interest of the Company in the context of Sensitive Processes, to be able to incur, in the event of conduct that does not comply with the provisions of the Code of Ethics and other corporate rules and procedures (in addition to the law), in offences that are liable to have significant criminal consequences not only for themselves, but also for the Company.

Furthermore, it is intended to actively censure any illegal conduct through the constant activity of the Supervisory Body on the work of persons with regard to Sensitive Processes and the imposition of disciplinary or contractual sanctions.

6.3 PRINCIPLES AND ELEMENTS INSPIRING THE MODEL

In the preparation of this Model, account has been taken of the procedures and control systems (identified in the "as-is" phase) that already exist and are already widely operating in the company, where they are considered suitable also as measures for the prevention of Offences and control over Sensitive Processes.

This Model, without prejudice to its specific purpose relating to Legislative Decree 231/2001, is part of the broader control system consisting mainly of the rules of the Organizational Structure and the internal control system.

In particular, as specific tools aimed at planning the formation and implementation of the Company's decisions also in relation to the Offences to be prevented, the Company has identified the following:

- 1) The internal control system and, therefore, all company regulations (rules, manual and IT procedures, manuals, operating instructions, guidelines, policies, regulations, etc.) concerning all company systems (management control and reporting system, administrative, accounting and financial system, safety management system, etc.), documentation and provisions concerning the hierarchical-functional and organisational structure of the Company, as well as the organised system of proxies and powers of attorney.
- 2) The Code of Ethics, which also refers to the principles set out in point 1) above;
- 3) The company management system adopted by the company in accordance with the UNI EN ISO 9001:2015 standard;
- 4) The business management system adopted by the company in accordance with the IATF 1649:2016 standard;
- 5) The environmental management system adopted by the company in accordance with the UNI EN ISO 14001:2015 standard;
- 6) All management systems are TUV certified.
- 7) Communication to and training of personnel;
- 8) The disciplinary system set out in the CCNL;
- 9) In general, the Italian and foreign regulations applicable.

It should also be noted that the production plant in Casalmorano (CR) is in possession of the Single Environmental Authorisation (AUA) Decree 285 in accordance with - Presidential Decree 13 March 2013, No. 59 and promoted for the following titles:

- atmospheric emissions, art. 259 of Legislative Decree 152 of 03/04/2006
- wastewater discharges into sewerage and other deliveries, Legislative Decree 152 03/04/2006

of which in the proceeding's authorization prot. 201 of 21/01/2019

The principles, rules and procedures referred to in the instruments listed above are not reported in detail in this Model, but form part of the organisation and control system that it intends to integrate and have been the subject of analysis during the construction phase of the Model.

In addition to the above, the main principles that inspire the Model are as follows:

- a) The Confindustria Guidelines, on the basis of which the mapping of Sensitive Processes has been prepared;
- b) The requirements of Legislative Decree 231/2001 and in particular:
 - The assignment to a Supervisory Body (SB) within the Company of the task of promoting the effective and correct implementation of the Model also through the monitoring of corporate conduct and the right to constant information on activities relevant for the purposes of Legislative Decree 231/2001;
 - The allocation (and provision) to the SB of adequate resources to support it in the tasks entrusted to it and to achieve reasonably achievable results;
 - The activity of verifying the functioning of the Model with consequent periodic updating (*ex post* control);
 - Awareness raising and dissemination to all Recipients of this Model of the rules of conduct, established procedures, guidelines and company policies;
- c) the general principles of an adequate internal control system and in particular:

- The existence of a body of protocols and manual and IT procedures to regulate and standardise all so-called sensitive activities (Procedures);
- The verifiability and documentability of each transaction relevant for the purposes of Legislative Decree 231/2001 (Monitoring and Traceability);
- Respect for the principle of separation of functions (segregation);
- The definition of authorisation powers consistent with the responsibilities assigned (Delegations);
- The communication of relevant information to the SB;

Finally, in the implementation of the control system, even in the necessary work of general verification of the company's activities, priority must be given to areas where there is a significant probability of commission of the Offences and a high value/relevance of Sensitive Transactions.

6.4 STRUCTURE MODEL

In the light of the above, the Company intended to prepare a Model which, on the basis of its own experience and the indications deriving from the relevant jurisprudential pronouncements, would provide adequate protection against the possibility of committing offences, in line with the system of *governance* and the ethical values which have always inspired the Company.

The Model, as prepared following the activities described above, consists of:

- a) a **General Part**, whose function is to define the general principles that the Company sets as a reference for the management of its activities and which are, therefore, valid for the company in the broad sense and not only for the performance of risky activities. The following parts, which shall form an integral part of it, shall be summarised or attached to it:
 - Corporate organization chart;
 - Code of Ethics;
 - Supervisory Body and its functioning;
 - Disciplinary system.
- b) several **Special Parts**, which describe, with reference to the specific types of crime, the mapping of sensitive activities, the evaluation/building/adjustment of the system of preventive controls, as well as the specific protocols. They have the function of:
 - establish the regulatory sources to which the Recipients must adhere;
 - identify the behavioural principles to be implemented;
 - identify the individual crimes that can be concretely and potentially committed in the company and the relative preventive measures.

The Special Parts turn out to be:

1. **Special part A:** offences in relations with the p.a.
2. **Special part B:** corporate offences and corruption between private individuals

3. **Special part C and special part C-bis:** review, recycling and commitment of denary, goods or illicit use and authorial liability and deletes with a purpose of terrorism or subversion of the democratic order
4. **Special part D:** crimes of culpable homicide and serious or very serious culpable injuries, committed in violation of the accident prevention and health and safety at work regulations
5. **Special part E:** industrial property and copyright offences offences in the field to the disruption of competition
6. **Special part F:** transnational crimes
7. **Special part G:** computer-related crime and unlawful processing of data
8. **Special part H:** organised crime offences
9. **Special part I:** inducing people not to make statements or to make false statements to the judicial authority
10. **Special part L:** environmental offences.
11. **Special part M:** counterfeiting currency and instruments or identification marks
12. **Special part N:** employment of illegally staying third-country nationals
13. **Special section O:** tax offences
14. **special section P:** smuggling offences

The Model has been structured in such a way as to guarantee a more effective and streamlined updating of the same. In fact, while the General Section contains the formulation of principles of law to be considered substantially unchanged, the Special Sections, in view of their particular content, are instead subject to periodic updates.

Moreover, the corporate dynamics and the legislative evolution - such as, for example, a possible extension of the types of crimes that are included or in any case connected to the scope of application of Legislative Decree 231/2001 - may make it necessary to integrate the Model.

In consideration of the above, the Supervisory Body has the task of adopting all types of measures so that the administrative body of the Company, or one of its bodies with the necessary powers, provides for the updates and additions deemed necessary.

6.4.1 THE ORGANISATIONAL AND AUTHORISATION SYSTEM

Organisational system

The organisational system is sufficiently formalised and clear, especially as regards the attribution of responsibilities, the lines of hierarchical dependence and the description of tasks, with specific provisions for control principles. The Company's organisational structure is formalised and graphically represented in an organisational chart (in the Annex), which clearly defines the lines of hierarchical dependence and the functional links between the various positions of which the structure itself is composed.

Authorisation system

As suggested by the Guidelines, the powers of authorisation and signature are assigned in line with organisational and management responsibilities, providing, when required, for a precise indication of the thresholds for the approval of expenses, especially with regard to those activities considered at risk of crime.

6.4.2 CONTROL PRINCIPLES

With this Model, the company intended to implement the control system based on the principles set out below, as required by the Confindustria Guidelines.

Within each sensitive activity at risk of crime identified, the Company must therefore verify the existence of specific safeguards.

The control principles that must inspire the management of all sensitive activities that have emerged and are contained in the so-called risk mapping, as well as in all business processes, are as follows:

- guarantee integrity and ethics in the performance of the activity, through the provision of appropriate rules of conduct aimed at regulating any specific activity considered at risk of crime;
- formally define the tasks and responsibilities of each corporate function involved in the activities at risk of crime;
- allocate decision-making responsibilities in a manner commensurate with the degree of responsibility and authority conferred;
- correctly defining, assigning and communicating authorisation and signature powers, providing, when required, for a precise indication of the thresholds for the approval of expenses, so that no person is granted unlimited discretionary powers;
- guarantee the principle of segregation of duties in the management of processes/activities, by assigning to different subjects the crucial phases of which the process/activity is composed and, in particular, those:
 - of the authorisation.
 - of the execution.
 - of control.
- to regulate the activity at risk, through specific procedures, providing for the appropriate control points (checks, reconciliations, etc.).
- ensure the verifiability, documentation, consistency and appropriateness of each operation or transaction. To this end, the traceability of the activity must be guaranteed by means of adequate documentary support on which controls can be carried out at any time. It is therefore appropriate that each operation can be easily identified:
 - who authorized the operation.
 - the person who actually did it.
 - who provided for his registration.
 - who checked it out.

The traceability of operations is ensured with a higher level of certainty through the use of computer systems;

- ensure the documentation of the controls carried out; to this end, the procedures with which the controls are implemented must guarantee the possibility of reviewing the control activities carried out, so as to allow the assessment of the consistency of the methods adopted and the correctness of the results obtained. These control principles have been taken as reference in the phase of elaboration of the company procedures.

6.4.3 THE CASH FLOW MANAGEMENT SYSTEM

Article 6, paragraph 2, letter c) of the Decree provides that the Organisation, Management and Control Models shall provide for "methods of managing financial resources suitable for preventing the commission of offences". The rationale behind this provision is that many of the predicate offences can be committed through the financial flows of companies (e.g. the creation of extra-accounting funds for bribery). The Confindustria Guidelines recommend the adoption of mechanisms for the proceduralisation of decisions which, by making the various phases of the decision-making process documented and verifiable, prevent the improper management of such financial flows. Again, on the basis of the principles indicated in the Guidelines, the control system relating to administrative processes and, in particular, to the process of managing financial flows, is based on the separation of tasks in the key phases of the process, which must be adequately formalised and for which there must be good traceability of the deeds and authorisation levels to be associated with individual transactions. In particular, the specific control elements are represented below:

- existence of different subjects operating in the different phases/activities of the process;
- preparation and authorisation of the payment proposal to meet the duly formalised obligation;
- control of the execution of the payment;
- reconciliations on balance;
- existence of authorisation levels for the payment request which are broken down according to the nature of the transaction (ordinary/extraordinary) and the amount;
- systematic reconciliation of internal accounts and relations with credit institutions with accounting results;
- traceability of acts and individual stages of the process to which specific attention must be paid with regard to the exhaustion of the circulation of documents that have already given rise to a payment.

6.4.4 GENERAL PREVENTION PRINCIPLES AND PROCEDURES

General Prevention Principles

The documents system for the prevention of offences - perfected by the Company on the basis of the indications provided by the Guidelines, as well as *best practices* - has been implemented by applying the following General Prevention Principles to the individual sensitive activities, which inspire the General Prevention Protocols referred to in the following paragraph, as well as the Specific Prevention Protocols of the individual Special Parts:

- **Regulation:** existence of company provisions and formalised procedures suitable for providing principles of conduct and operating methods for the performance of sensitive activities, as well as methods of filing relevant documentation.
- **Traceability:** every operation relating to sensitive activity must, where possible, be adequately documented and the process of decision, authorisation and performance of sensitive activity must be verifiable ex post, also by means of appropriate documentary supports.
- **Segregation of duties:** application of the principle of segregation of duties between the person who authorises, the person who carries out and the person who controls. This separation is guaranteed by the intervention, within the same corporate macro-process, of several subjects in order to guarantee the independence and objectivity of the processes.
- **Powers of attorney and delegation:** the powers of attorney and signature assigned must be: consistent with the organizational and management responsibilities assigned, providing, where required, the indication of the thresholds for approval of expenditure; clearly defined and known within the Company. The company roles to

which the power to commit the Company to certain expenses is assigned must be defined, specifying the limits and nature of the same. The act assigning functions must comply with any specific requirements that may be required by law (e.g. delegation of powers in relation to the health and safety of workers).

General Prevention Protocols

In the context of the sensitive activities identified for each type of offence (see the following Special Parts of the Model), the General Prevention Protocols provide that:

- a) all operations, training and implementation of the Company's decisions comply with the principles and requirements contained in the provisions of the law, the articles of association and the Articles of Association, the Code of Ethics and the company procedures, where they already exist;
- b) the company provisions suitable for providing principles of conduct and operating methods for the performance of sensitive activities, as well as methods for filing relevant documentation, are defined and adequately communicated;
- c) for all operations:
 - the responsibilities of management, coordination and control within the company are formalised, as well as the levels of hierarchical dependence and the description of the relative responsibilities;
 - the phases of formation of the deeds and the relative authorisation levels can always be documented and reconstructed;
 - the Company adopts instruments of communication of the powers of signature conferred which guarantee their knowledge within the company;
 - the assignment and exercise of powers within a decision-making process is consistent with the positions of responsibility and with the relevance and/or criticality of the underlying economic transactions;
 - access to the Company's data complies with the New Privacy Code 2018 (Legislative Decree 196/2003 Coordinated with Legislative Decree 101/2018) and EU Regulation 2016/679 (GDPR);
 - access to and intervention in the Company's data is permitted only to authorised persons;
 - confidentiality in the transmission of information is guaranteed;
 - the documents concerning the formation of decisions and their implementation are filed and stored by the competent function in such a way that they cannot be subsequently modified, unless there is appropriate evidence;
 - access to documents already archived is granted only to persons authorised in accordance with the internal rules. for each of the processes to which the sensitive activities listed in this Model belong, a Process Manager is identified in the Special Parts of the Model. In particular, the Process Manager:
 - is formally recognised by the company's organisational system (e.g. internal proxies, job descriptions, procedures), in compliance with any requirements of effectiveness established by law for the attribution of functions (e.g. proxies for the health and safety of workers);
 - has all the powers necessary to pursue the internal objectives of the process itself, in compliance with the timescales and principles that govern it;
 - has full visibility of the whole process, as well as access (direct or indirect) to all relevant information.

In addition, the Process Manager has the specific responsibility to:

- ensure that the process is carried out in accordance with internal provisions (e.g. company procedures) and applicable legislation;
- ensure that the entire process is carried out in compliance with the principles of transparency and traceability, on the basis of which each operation must be provided with adequate documentary support;
- inform the Supervisory Body if anomalies are found or particular critical situations occur (e.g. violations or suspected violations of the Model and the Code of Ethics, cases of ineffectiveness, inadequacy and difficulty in implementing control protocols);

6.5 ADOPTION OF THE MODEL AND SUBSEQUENT AMENDMENTS

The adoption of the Model was undertaken in the conviction that it can be a valid instrument to raise the awareness of all those who work in the name and on behalf of the Company, so that they adopt, in the performance of their activities, correct and transparent conduct, such as to prevent the risk of commission of the offences contemplated by the Decree.

In approving this update of the Model, the Board of Directors of the Company also acquires the formal commitment of each member of the Board to comply with it, and confirms, on the part of the Supervisory Body, the assignment of the task of supervising the functioning and observance of the Model, and of ensuring that it is updated.

Since the Model is an "act of emanation of the executive body" (in compliance with the provisions of art. 6, paragraph 1, letter a of Legislative Decree 231/2001), the subsequent amendments and additions of a substantial nature are left to the competence of the Board of Directors.

For other changes (Sensitive Processes and specific procedures on which the Company has full decision-making autonomy), the Board of Directors may delegate the Managing Director.

The Board of Directors annually ratifies any amendments made by the Managing Director.

7. PROFILES OF ORGANISATIONAL, ADMINISTRATIVE AND ACCOUNTING STRUCTURES, ACTIVITIES AND OPERATING CONTEXTS

7.1 PRELIMINARY REMARKS

CASTELLO ITALIA S.p.A. has as its corporate purpose⁶ the following activities:

The processing, on our own behalf and on behalf of third parties, of plastics of any type and nature, for any use, as well as their marketing, including through interests.

The company may also carry out, on a purely instrumental, occasional and in any case not prevailing basis, all commercial, industrial and financial, securities and real estate transactions that are deemed necessary or useful for the implementation of the corporate purpose, such as, by way of example:

- a) recruitment of representatives and agencies on behalf of other companies in the sector, domestic or foreign;

⁶ Company inspection in annex.

- b) assumption and disposal, in compliance with current legal provisions and not in relation to the public, of shareholdings in domestic and foreign companies, incorporated or being incorporated;
- c) purchase, exercise, sale or liquidation of domestic or foreign companies with similar or similar purposes;
- d) leasing of domestic and foreign commercial and industrial companies, provided that they are relevant to the company's purpose, including the granting of real guarantees on the company's assets and the granting of sureties in favour and in the interest of third parties;
- e) granting of guarantees and other guarantees, both personal and real, also in favour of third parties;
- f) obtaining and exploiting concessions, licenses, rights and patents of all kinds and species;
- g) borrowing and the conclusion of financial leasing contracts;
- h) financial and/or credit transactions, in any case not with the public, aimed at achieving the corporate purpose (all in compliance with the limits set out in Legislative Decree no. 383 of 1 September 1993 - Banking and Credit Consolidation Act).

In addition to the prohibition to carry out fiduciary activities, it is expressly forbidden to carry out activities reserved to the companies referred to in Legislative Decree no. 385 of 1 September 1993, as amended, to proceed with the purchase or sale, through the public offering of shares or bonds and of "other financial assets", as well as to carry out intermediation activities.

pursuant to Legislative Decree no. 58 of 24 February 1998, without prejudice, moreover, to all the mandatory provisions in force regarding reserved activities.

7.2 THE ORGANIZATIONAL STRUCTURE

The company's organisational chart shows a structure composed of staff and business line bodies⁷.

Within this structure, the functions report hierarchically to the Chief Executive Officer.

The organisational structure of the Company is oriented towards ensuring the separation of duties, roles and responsibilities between the operational and control functions and the highest possible efficiency.

The Human Resources Manager ensures the verification of the organisational structure and formalises it in a constantly updated internal document (Organisational chart document).

The Human Resources Manager in collaboration with external legal firms verifies proxies and proxies so as to ensure current and current affairs.

The Human Resources Manager elaborates and updates the Job Descriptions, with the functions of belonging, hierarchical dependence, role and responsibilities.

7.2.1 THE ORGANISATIONAL STRUCTURE IN THE FIELD OF HEALTH AND SAFETY AT WORK

In terms of health and safety at work, the Company has adopted an organisational structure that complies with that provided for by current legislation on prevention, with a view to eliminating or, where this is not possible, reducing - and, therefore, managing - the occupational risks for workers and third parties.

An employer is identified in the organisational structure. The plant's organisational chart shows the presence of supervisors but no managers. Then there are the persons in charge (hereinafter, 'RSPP'), the first-aiders (hereinafter, also 'APS'), the fire prevention officers (hereinafter, also 'API'), the workers' safety representative (hereinafter, also 'RLS'), the competent doctor, the workers, the subjects outside the company who carry out activities relevant to

⁷ Organisation chart in annex.

OSH, or rather: a) person to whom work is entrusted by virtue of contracts or works contracts; b) manufacturers and supplier; c) designers of workplaces and workstations and installations; (d) installers and fitters of installations, work equipment or other technical means.

The tasks and responsibilities of the persons indicated are formalised in accordance with the organisational and functional scheme of the Company, with particular reference to the specific figures operating in this field.

When defining the organisational and operational tasks of the company's supervisors and workers, the Company specifies those relating to the safety activities for which it is responsible, as well as the responsibilities connected with the exercise of such activities, with particular regard to the tasks of RSPP, ASPP, RLS, APS, API and the competent doctor.

7.2.2 THE ENVIRONMENTAL ORGANISATIONAL STRUCTURE

In terms of the environment, the Company has set up organisational structures that are consistent with the needs expressed in current legislation, with the aim of eliminating or, where this is not possible, reducing - and therefore managing - environmental risks.

In particular, the Employer is also delegated environmental responsibility for all aspects relating to compliance with environmental legislation and the procedures adopted confirm that responsibility for the main environmental requirements lies with the Employer.

The procedures adopted in the UNI EN ISO 14001:2015 system (to which reference should be made for every detail) identify a number of specific subjects and the relative tasks in environmental matters:

- An Internal Manager is the main function of reference, assisted by an external subject whose activity is regulated by contract, with reference to the obligations provided for by environmental legislation, also carrying out tasks of organization and coordination, including, by way of example and not limited to, the management of environmental authorizations of the plant, waste management and classification, management of deposits of both waste and raw materials, management of emergencies;
- responsible for maintenance and, if necessary, other functions, assists the external party in various activities, including, for example, the management of areas for the storage of materials and waste;
- waste depot manager;
- RSPPs, especially for aspects related to possible emergencies;
- the personnel in charge of the emergency teams, who have specific tasks of intervention in case of environmental emergency.

The tasks and responsibilities of the persons indicated are formalised:

- As part of the procedures for environmental management;
- in accordance with the Company's organisational and functional scheme;
- in accordance with the contractual provisions (consultants, external operators, service companies).

In defining the organisational and operational tasks of the company's management, managers and workers, the Company specifies those relating to the environmental activities for which it is responsible.

7.3 MANUAL AND IT PROCEDURES

As part of its organisational system, the Company has developed a set of protocols/procedures, manuals and information systems to regulate the performance of corporate activities, in compliance with the principles indicated in the Confindustria Guidelines.

The protocols/procedures constitute the rules to be followed in the context of the company processes concerned, also providing for the controls to be carried out in order to guarantee the correctness, effectiveness and efficiency of the company activities.

Manual protocols/procedures are listed by sensitive activity in the annex to the gap analysis document.

Specifically with regard to IT systems, procedures and applications, the Company has put in place an architecture of information systems, including interconnected systems, that regulate and regulate, thus guaranteeing the process, traceability, correct access by profile (i.e. the "power" to access the permitted functions) and, where applicable, segregation. The Company has summary synoptics representing all the information systems present, their interconnection.

Departmental and administrative applications

These are the solutions to support those business processes outside the management systems. Typically they are commercial packages that run on windows or web platforms. They increase individual and corporate productivity and facilitate the Company's compliance by providing document management and approval (workflow) or integration of laboratory, production and warehouse equipment.

8. SENSITIVE PROCESSES

The risk analysis carried out for the purposes of Legislative Decree 231/2001⁸ revealed Sensitive Processes with reference to the cases referred to in the Decree relating to:

- a) Misappropriation of funds, fraud to the detriment of the State or a public body or to obtain public funds and computer fraud to the detriment of the State or a public body (Article 24 of Legislative Decree 231/2001).
- b) Computer crimes and unlawful processing of data Article 24-bis of Legislative Decree 231/2001.
- c) Organised crime offences (Article 24-ter of Legislative Decree 231/2001)⁹.
- d) Bribery, undue induction to give or promise benefits and corruption (Article 25 of Legislative Decree 231/2001);
- e) Counterfeiting of coins, public credit cards, revenue stamps and instruments or identification marks (Article 25-bis of Legislative Decree 231/2001);
- f) Crimes against industry and commerce (Article 25-bis1 of Legislative Decree 231/2001);
- g) Corporate Offences and Corruption between Individuals (Article 25-ter of Legislative Decree 231/2001);
- h) Crimes for the purposes of terrorism or subversion of the democratic order (Article 25-quater of Legislative Decree 231/2001);
- i) Manslaughter or serious or very serious injuries committed in violation of the regulations on the protection of health and safety at work (Article 25-septies of Legislative Decree 231/2001);
- j) Receiving, laundering and using money, goods or benefits of illicit origin, as well as self-laundering (Article 25-octies of Legislative Decree 231/2001);
- k) Copyright infringement offences (Article 25-novies);
- l) Inducement to not make statements or to make false statements to the judicial authority (Article 25-decies of Legislative Decree 231/01);
- m) Environmental offences (Article 25-undecies of Legislative Decree 231/01);
- n) Employment of illegally staying third-country nationals (Article 25-duodecies of Legislative Decree 231/2001);

⁸ See also table of risk analysis by offence in annex.

⁹ this is not the event in itself of the commission of a specific crime, but the subjective element underlying the conduct that involves an association, with at least two other persons, in the commission of the crime

- o) Tax Offences (Article 25-quinquies Legislative Decree 231/2001).
- p) Contraband (Art 25-sexies Legislative Decree 231/2001).
- q) Transactional offences.

The details of the sensitive processes within each of the above-mentioned cases and their regulation are dealt with in specific and dedicated sections of this Model, called "Special Parts".

The risks concerning **organised crime offences** (art. 24 ter of Legislative Decree 231/2001) and the **crime of inducement not to make statements or to make false statements to the Judicial Authority** (art. 25 decies of Legislative Decree 231/2001), even though they are only theoretically conceivable, are regulated not only by the principles contained in the Code of Ethics adopted by the Company, but also in specific special parts.

With regard to the **Offences of Insider Trading and Market Manipulation** (Article 25-sexies of Legislative Decree 231/2001), the Company is not listed on any stock exchange and, in the same way, neither the parent company nor any other company at the top of the chain of control of the Group to which the company belongs is listed.

In the same way, the company does not possess significant shareholdings, and these occur when: a natural person or a Company or Entity directly or indirectly holds shares in a company with listed shares in excess of 2% of its share capital, or when a company with listed shares holds, directly or indirectly, shares in another company with unlisted shares or in a limited liability company, including foreign companies, in excess of 10% of their capital.

It is therefore not possible, at least theoretically, to envisage the case where corporate representatives are in possession of privileged information concerning the operations of the company or of other investee companies which, if published, could significantly influence the prices of the listed financial instruments issued by the company. Following the preliminary analysis, the risks concerning **Offences against the individual** (articles 25 quater¹ and quinquies of Legislative Decree 231/2001) and **Racism and Xenophobia** (article 25-terdecies of Legislative Decree 231/2001) were considered theoretically conceivable, but for which a residual risk opinion was expressed from the point of view of their actual implementation within the Company.

For this reason, with respect to these types of offences, a subsequent detailed analysis was not carried out to determine the area of the Company in which the offence risks could arise and the relative levels of control, but specific principles of conduct were included in the Code of Ethics adopted by the Company.

With regard to the offence relating to the employment of third-country nationals whose stay is irregular (article 25-duodecies of Legislative Decree 231/2001), in addition to the inclusion of specific principles of conduct have been included in the Code of Ethics adopted by the Company and certain general conditions for the purchase of services or in the case of subcontracting, a specific special section has also been provided for.

Crimes relating to non-cash payment instruments (Article 25-octies.1 of Legislative Decree No. 231/2001) do not appear to be conceivable in view of the fact that the Company does not use financial instruments, payments, receipts or investments in cryptocurrencies.

Offences relating to **Smuggling** (Article 25-sexiesdecies of Legislative Decree No. 231/2001) were also considered abstractly conceivable: in any case, it was assessed that the organisational structure and the procedures put in place for the management of Customs requirements constitute valid safeguards aimed at preventing the occurrence of conduct abstractly relevant for such offences, and a specific special section was envisaged.

With regard to **offences concerning Practices of female genital mutilation** (Article 25-quater¹ of Legislative Decree No. 231/2001), those concerning "Fraud in sporting competitions, unlawful gaming or betting and games of chance exercised by means of prohibited devices (Article 25-quaterdecies). 25-quaterdecies)" and Offences referred to in Article 25-septiesdecies "Crimes against the cultural heritage" and Article 25-duodevices "Laundering of cultural goods and devastation and looting of cultural and landscape heritage", are not conceivable in view of the activity carried out by the Company.

It is reiterated that each type of crime included in Legislative Decree 231/2001 is taken into account in the Code of Ethics adopted by the Company, which establishes the values and rules of conduct that each person working on its behalf must comply with. Therefore, these values and rules of conduct are also aimed at avoiding and stigmatising

the occurrence of conduct that is abstractly integral to the types of crime that are presumed to constitute the administrative liability of entities.

9. THE SUPERVISORY BOARD ("SB")

9.1 IDENTIFICATION, APPOINTMENT AND REVOCATION OF THE SB

The body entrusted with the task of supervising the functioning and observance of the Model, as well as ensuring that it is updated, must be within the body and have autonomous powers of initiative and control (art. 6, paragraph 1, letter b of the Decree).

In the explanatory report to the Decree it is specified that: "The Entity (...) shall also supervise the effective operation of the models, and therefore their observance: to this end, in order to guarantee the maximum effectiveness of the system, it is provided that the Company avails itself of a structure that must be established within it (in order to avoid easy manoeuvres aimed at pre-establishing a license of legitimacy to the work of the Company through the use of compliant bodies, and above all to establish a real fault of the entity), endowed with autonomous powers and specifically responsible for these tasks (...) of particular importance is the provision of a burden of information to the aforementioned internal control body, functional to ensure the same operational capacity (...)"

The Guidelines suggest that this is an internal body other than the Board of Directors or the group of non-authorised directors and is characterised by the following requirements:

- i. honourableness;
- ii. autonomy;
- iii. independence;
- iv. professionalism;
- v. continuity of action.

The requirements of autonomy and independence would require:

- a) the inclusion of the SB as a staff unit in the highest possible hierarchical position, providing for reporting to the top management (an example the Chairman and/or the Managing Director), but also to the Board of Directors as a whole and to the Board of Statutory Auditors.
- b) the absence, for the SB as a whole, of operational tasks which - by involving it in decisions and activities that are precisely operational - would condition its objectivity of judgement.

In addition, the Board of Directors assigns each year an expense budget to the SB, taking into account the requests of the latter. The allocation of the budget allows the SB to operate autonomously and with the appropriate tools for the effective performance of the task assigned to it by this Model, in accordance with the provisions of Decree 231/2001.

The requirement of professionalism must be understood as the baggage of theoretical and practical knowledge of a technical-specialist nature necessary to effectively carry out the functions of Supervisory Body, i.e. the technical knowledge of those who carry out inspection and consultancy activities. These are techniques that can be used:

- (a) *as a preventive measure*, to suggest any changes to the Model, where necessary or appropriate to make it more responsive to the prevention needs of Offences;

- (b) *on an ongoing basis*, to verify that the behaviour within the institution actually respects the codified behaviours;
- (c) *a posteriori*, to ascertain how an offence of the species in question could have occurred and who committed it.

In order to further guarantee the autonomy and independence, essential for the performance of its duties, the SB from the time of its appointment:

- (a) *must meet the subjective requirements of integrity, as defined in the Regulation establishing the SB.*
- (b) *must not be in the conditions provided for by Article 2382 of the Italian Civil Code (disqualification, disqualification, personal effects of bankruptcy, disqualification, even temporary, from public office or inability to exercise managerial positions).*
- (c) *must not be subject to a conflict of interest arising from family ties with the company's top management or from employment relationships, in so far as such relationships objectively compromise its independence.*

They are indicated as causes of incompatibility with the office of member of the SB:

- be an executive and/or non-independent member of the Board of Directors of CASTELLO ITALIA S.p.A.;
- be an auditor of CASTELLO ITALIA S.p.A.;
- have marital relations, kinship or affinity up to the fourth degree with the persons referred to in the preceding points;
- have had employment or self-employment relationships, in the last three years, with entities with which or in respect of which the Offences considered by the Decree may potentially be committed.

The above conditions of eligibility, incompatibility and retention of office are integrated with the specific provisions on personal and professional characteristics provided by law for members of corporate bodies, where at the same time they are also members of the SB¹⁰.

CASTELLO ITALIA S.p.A., in consideration of the specificity of the tasks of the SB, has decided to set up a monocratic body, composed of an external subject with recognized professionalism and competence. In any case, the single member will be a person external to the Company.

The composition chosen ensures the prescribed characteristics of independence and autonomy (reinforced by the presence of an external subject), professionalism, both in terms of investigation and inspection skills and technical and legal skills, continuity of action (this body being dedicated to monitoring and verifying the application of the Model on the basis of an annual plan agreed within the same body and shared with the Company) to be documented in the Board resolution of appointment, so as to be appropriate in the light of the regulatory provisions and the interpretation given to it by the Guidelines and by the Law.

Where Castello Italia S.p.a. decides to have a SB of a collegial nature, the SB will be composed of a maximum number of three members, at least one of whom is not a member of Castello and who will act as Chairman of the Board.

In order to ensure a better knowledge and correct supervision of the company context, the SB may request the presence (also on a permanent basis) at its meetings of persons such as, for example, members of the Board of

¹⁰ In particular, Article 2399 of the Italian Civil Code, on the subject of causes of ineligibility and disqualification of auditors, provides that. "The following may not be elected to the office of statutory auditor and, if elected, shall forfeit their office a) those who find themselves in the conditions set forth in Article 2382; b) the spouse, relatives and relatives-in-law up to the fourth degree of kinship of the directors of the company, the directors, spouse, relatives-in-law and relatives-in-law up to the fourth degree of kinship of the directors of the companies controlled by the company, of the companies that control it and of those subject to common control; c) those who are linked to the company or its subsidiaries or to companies controlling it or to companies subject to joint control by an employment relationship or a continuous consultancy or remunerated work relationship, or by other relationships of a financial nature that compromise their independence. Dismissal or suspension from the register of auditors and the loss of the requirements provided for in the last paragraph of Art. 2397 shall be grounds for disqualification from the office of auditor. The Articles of Association may provide for other causes of ineligibility or disqualification, as well as causes of incompatibility and limits and criteria for the accumulation of offices'. As to the requirements for independent directors, Article 2409-septiesdecies of the Civil Code refers to Article 2399 of the Civil Code, the articles of association or codes drawn up by trade associations or by companies managing regulated markets (e.g. the so-called Preda Code).

Statutory Auditors and the heads of those company functions related to control issues. They participate in the meetings only as guests.

The continuity of action of the SB is also guaranteed by the fact that it operates within the Company.

The SB must draw up a set of Regulations to be sent to the Company's Board of Directors and the Board of Statutory Auditors.

The Regulations establishing the SB must provide for the powers that can be exercised by the SB and be inspired by the following general principles:

- the SB is entrusted with the task of defining, on the basis of the results of the operational activity carried out by the office and in agreement with the management body, the objectives and periodic plans for checking and aligning/updating the Model, as well as modifying certain profiles of the Model, proposing disciplinary procedures and/or sanctioning measures;
- the SB, is also entrusted with the operational task of prior analysis of risks and controls, verification of the correct implementation of the Model and its updates and *auditing* activities.

In order to monitor the autonomy and independence of the SB in the performance of its control activities, the Regulation establishing the SB must contain at least the following rules:

- a. appointment and revocation procedures. In any case, the revocation of the Supervisory Body is legitimate if there is a just cause, or if, for example:
 - the person has been guilty of or has participated in one of the offences to which the Model refers.
 - one of the essential conditions for the preservation of the charge has ceased to exist.
 - any other event has occurred which makes it impossible to continue the activity.
- b. duration of office;
- c. planning and carrying out of checks;
- d. obligation to record the activities of the body;
- e. definition of the modalities of reporting to the top.

In compliance with the principles set out in the Decree, it is not permitted to *outsource* the function of the SB; on the other hand, it is possible to outsource (*i.e. to third parties who possess specific skills deemed useful or necessary*) tasks of a technical nature, while the SB retains overall responsibility for supervising the Model.

The appointment of the SB and the revocation of its mandate are the exclusive responsibility of the Board of Directors.

With the same resolution of appointment, the Board must also indicate the duration of the mandate and define the characteristics and functioning of the Supervisory Body and the subjective requirements for the election as its member, approving for this purpose a specific Statute.

The member of the SB may be revoked only for just cause. The member of the SB may withdraw at any time from the office, by giving at least 1 (one) month's notice, without having to give any reason.

The remuneration of the member of the SB is decided by the Board of Directors

9.2 FUNCTIONS AND POWERS OF THE SB

The SB is generally entrusted with the task of supervising:

- On the observance of the Model by Employees, Corporate Bodies, Service Companies, Consultants and Partners.

- The effectiveness and adequacy of the Model with regard to the corporate structure and the effective capacity to prevent the commission of the Offences.
- The opportunity to update the Model, where there is a need to adapt it in relation to changed company and/or regulatory conditions.

To this end, the SB is also entrusted with the tasks of:

1. Periodically carry out targeted checks, including on a sample basis, on specific operations and/or specific acts carried out by the Company, especially in the context of Sensitive Processes or areas at risk of commission of Offences, the results of which must be summarised in a special report to be presented to the corporate bodies responsible for reporting;
2. Coordinate with company management (in particular with the Human Resources Manager and the Compliance office) to assess the adoption of any disciplinary sanctions, without prejudice to the latter's competence to impose the sanction and the related disciplinary procedure (in this regard, please refer to the next chapter on the treatment of the disciplinary sanction system);
3. Coordinate with the Human Resources Manager and the Compliance office for the definition of training programs for personnel and the content of periodic communications to be made to Employees and Corporate Bodies, aimed at providing them with the necessary awareness and basic knowledge of the legislation referred to in Legislative Decree 231/2001;
4. Monitor initiatives for the dissemination of knowledge and understanding of the Model, and prepare the internal documentation necessary for the functioning of the Model, containing instructions for use, clarifications or updates of the same;
5. Collect, process and store relevant information regarding compliance with the Model, as well as update the list of information that must be transmitted to him or kept at his disposal;
6. Coordinate with other corporate functions (including through special meetings) to better monitor activities in relation to the procedures established in the Model. To this end, the SB has a general inspection power and has free access to all company documentation that it considers relevant and must be constantly informed by management: a) on the aspects of company activity that may expose the Company to the risk of commission of one of the Offences; b) on relations with Service Companies, Consultants and Partners who work on behalf of the Company in the context of Sensitive Operations; c) on extraordinary operations of the Company;
7. Interpret the relevant legislation and verify the adequacy of the Model to these regulatory requirements;
8. Coordinate with company departments (including through special meetings) to assess the adequacy and updating needs of the Model;
9. Activate and carry out internal investigations, liaising from time to time with the company departments concerned, in order to acquire new elements of investigation (e.g. with the Human Resources department for the application of disciplinary sanctions, with the Compliance office etc.);
10. Indicate to the management, in coordination with the Administration and Finance Manager, the appropriate additions to the financial resources management systems (both incoming and outgoing) already present in the Company, in order to introduce some suitable measures to detect the existence of any atypical financial flows with higher margins of discretion than those normally provided for;
11. Coordinate with the Administration and Finance Manager for the monitoring of corporate compliance that may be relevant for the purpose of committing corporate crimes.
12. Request information and documentation from company departments and divisions regarding the operations and acts carried out in the areas at risk of commission of the Offences;
13. Promote and/or develop, together with the company departments responsible for this, appropriate initiatives for the dissemination, knowledge and understanding of this Model;
14. Provide clarifications and instructions for compliance with this Model;
15. consult with other company functions and/or external consultants in order to guarantee the effectiveness of the Model;
16. Collect, process and store information relating to this Model;
17. Periodically report to the Board of Directors on the state of implementation and operation of the Model;
18. Assessing and proposing to the Board of Directors the amendments and/or updates to be made to this Model;
19. Have the appropriate resources for the development, monitoring and evaluation of the effectiveness of the Model.
20. Verify the implementation of the control procedures provided for by the Model;

21. Conduct reconnaissance and Sensitive investigations on the company's activities in order to identify and update the mapping of sensitive processes in which there is a risk of commission of the Offences;

For any financial requirement, the SB in the performance of its mandate, may access its budget and, if necessary, request any additional resources necessary for this purpose.

9.3 REPORTING BY THE SB TO TOP MANAGEMENT

The SB reports on the implementation of the Model and the emergence of any critical issues.

The SB has two lines of *reporting*:

1. The first, on a continuous basis, to the Chairman, to whom the SB will promptly address itself whenever a problem or criticality relating to a sensitive area pursuant to Legislative Decree 231/2001 should arise;
2. The second, on an annual basis to the Board of Directors, to which the SB will send a written report on the activity carried out (indicating in particular the controls carried out and the outcome of the same, the specific checks referred to in the following and the outcome of the same, any updating of the mapping of Sensitive Processes, etc.);

In addition, each year the SB will present to the aforementioned corporate bodies the plan of activities planned for the following year.

If the SB detects critical issues relating to any of the reporting parties, the corresponding report should be promptly addressed to one of the other parties indicated above.

The purpose of the report is to:

- a. activity carried out by the SB;
- b. Any criticalities (and suggestions for improvement) that emerge both in terms of internal behaviour or events and in terms of the effectiveness of the Model.
- c. Any reports received from internal and external parties during the period concerning alleged violations of the Model or the Code of Ethics.
- d. Any other information deemed significant.
- e. Summary assessment on the updating and effective application of the Model.
- f. The Meetings with the bodies to which the SB reports must be minuted and a copy of the minutes must be kept by the SB at the Company, in a protected environment and under the custody of a secretary appointed for the purpose, in accordance with the provisions of the Articles of Association and the Regulation. The Chief Executive Officer has the right to convene the SB at any time through its Chairman, who, in turn, has the right to request, through the competent functions or persons, the convening of the aforementioned bodies for urgent reasons.

9.4 INFORMATION FLOWS TO THE SB: GENERAL INFORMATION AND SPECIFIC MANDATORY INFORMATION

The SB must be informed, by means of reports from Employees, Corporate Bodies, Service Companies, Consultants and Partners on events that could give rise to responsibilities of the Company pursuant to Legislative Decree 231/2001.

In particular, any Addressee who knows of obvious violations of the Code of Conduct or, in any case, witnesses conduct in general not in line with the rules prescribed by the Model, must immediately report it to the SB or, if the reporter is an Employee, to his/her internally identified Manager who will forward it to the SB.

- It is compulsory to immediately transmit to the SB the information concerning which, by way of example and without limitation (the list of which is provided by the SB) are: Measures and/or information from the judicial police, or any other authority, from which it is clear that investigations are being carried out, even against unknown persons, for all the Offences inherent to the company's activity, in addition to those obviously covered by Legislative Decree no. 231/2001.
- Requests for legal assistance made by Employees in the event of initiation of legal proceedings being commenced for the above-mentioned Offences.
- Reports prepared by the heads of other corporate functions as part of their control activities and from which facts, acts, events or omissions could emerge with critical profiles with respect to compliance with the provisions of Legislative Decree 231/2001.
- Information relating to the disciplinary proceedings carried out and any sanctions imposed (including measures against Employees) or measures to close these proceedings with the reasons for them.
- The evidence of any criticality or conflict of interest arising in the context of the relationship with the PA.
- Decisions relating to the request for, disbursement and use of public funds.
- Any situations of irregularity or anomaly found by those who carry out a function of control and supervision of obligations related to the performance of sensitive activities (payment of invoices, destination of funding obtained from the State or Community bodies, etc.).
- Judicial, tax and administrative inspections (e.g. relating to regulations on the protection of safety and hygiene in the workplace, tax audits, INPS, etc.) in the event that the final report highlights critical issues for the company (transmission by the head of the department involved).
- Communications concerning organisational and corporate changes.
- Significant events relating to the protection of safety and hygiene in the workplace, as provided for in the relevant "Special Section" (accident list, accident report, new appointments, special inspections, budget and progress plan, etc.).
- Significant events relating to environmental protection, as provided for in the relevant "Special Section" and, by way of example:
 - inspections by environmental control authorities and their results;
 - violations of tabular limits;
 - granting of authorisations;
 - emergency situations, including the measures taken to deal with them;
 - situations of non-compliance with the procedures;
 - significant changes in the production system;
 - reports of periodic audits of the management system carried out by third-party certification bodies;
 - etc.

Further mandatory information flows are provided for by a specific protocol¹¹ and may be defined by the SB in agreement with the company functions responsible for their transmission.

The Board of Directors must inform the SB and the Board of Statutory Auditors of any resolutions concerning issues related to Legislative Decree no. 231/2001.

¹¹ "Protocol for managing information flows to the SB".

9.4.1 WHISTLEBLOWING

In addition, reports are transmitted to the SB pursuant to Law no. 179 of 2017 (so-called "Whistleblowing"), in order to protect the integrity of the entity, - provided that they are circumstantiated - of relevant unlawful conduct based on precise and concordant elements of fact or violations of the MOGC of which the persons indicated in Article 5, para. 1, lett. a) and b) of Legislative Decree 231/2001 have become aware by reason of the functions performed.

In such a case, the pursuit, by the employee who reports offences, of the interest in the integrity of the entity constitutes just cause for disclosure of professional secrecy - Article 622 of the Criminal Code - as well as violation of the employer's duty of loyalty by the employee - Articles 2104 and 2105 of the Civil Code -, unless the report is made in a manner exceeding the purpose of eliminating the offence.

"Whistleblowing" means a report to the SB by a Company worker who, during his or her work activity, detects a possible fraud, danger or other serious risk that could damage colleagues, member companies, accredited training bodies or the reputation of the Company, which therefore entails a violation of the Model. This tool allows the creation of a system of reporting of real facts and/or behaviour that does not follow the hierarchical line and that allows staff to report cases of violation of rules by others within the institution, without fear of retaliation. The obligations to provide information on any conduct contrary to the provisions contained in the Model fall within the broader duty of care and duty of loyalty of the employee as per articles 2104 and 2105 of the Italian Civil Code.

The Company, in view of the most recent regulatory developments¹², and the fact that at the corporate level this mechanism is already active, albeit with different rules than those defined in the Italian law on the subject (Law 179/2017), has taken steps to comply with the whistleblowing provided for by law, as an effective tool to prevent phenomena of corruption and in general illegality, available to the entire internal organizational structure of the Company, making personnel responsible for taking action to combat illegality, reporting the facts and/or potentially illegal events or irregularities of which they have become aware.

A specific procedure has been drafted to regulate integrating what is provided by the Corporate Procedure "ARaymond- wrongdoing reporting system (PWS)" with the Italian regulatory dictate. In general, all recipients of the Model may at any time report any noncompliance that falls within the cases indicated in the procedure to their direct supervisor or to Human Resources. This means of reporting must be chosen by preference whenever possible.

Alternatively, any Reporting can be made to SAFECALL. In this case, all Reports are received in the first instance by a referring, independent and impartial third party called SAFECALL, which will proceed to handle them as described in the Corporate Procedure, and may be submitted using the 3 current methods provided for in the Corporate Procedure, of which the channels provided are given below:

- 1) By contacting a 24/7 call center that can be reached from Italy via the international toll-free number +800 7233 2255 or +44 191 516 7749. While being in the UK there is the option to communicate the report in your own language.
- 2) By sending an e-mail to: araymond@safecall.co.uk
- 3) By using the WEB platform, which can be reached at: <https://www.safecall.co.uk/report/>

¹² Law "Provisions for the protection of the authors of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship", approved in the Chamber of Deputies on 15 November 2017. This Law, in Article 2 "Protection of the employee or collaborator who reports offences in the private sector", supplements Article 6 of Decree 231 with a paragraph 2-bis aimed at specifying the characteristics of the Model with regard to the collection of reports of unlawful conduct (i.e. : a) circumstantiated reports of unlawful conduct, relevant under the Decree, and based on precise and concordant elements of fact, or of violations of the organisation and management model of the entity, of which they have become aware by reason of the functions performed; these channels guarantee the confidentiality of the identity of the reporter in the management of the report b) provide for at least one alternative reporting channel capable of guaranteeing, by computerised means, the confidentiality of the identity of the reporting person; c) provide for the prohibition of retaliatory or discriminatory acts, whether direct or indirect, against the reporting person for reasons directly or indirectly connected with the reporting; d) provide in the disciplinary system for sanctions against those who breach the measures for the protection of the reporting person, as well as those who make reports that prove to be unfounded with malice or gross negligence.

Safecall will act in such a way as to guarantee whistleblowers against any form of retaliation, discrimination or penalization, while also ensuring the confidentiality of the whistleblower's identity, without prejudice to legal obligations and the protection of the rights of the Company or the persons involved, as well as the reputation of the whistleblower(s).

All reports will be shared with the SB, which will make its own assessment to verify whether the Report concerns offenses under Legislative Decree 231/2001 or violations of this Model.

However, conduct aimed solely at slowing down the activity of the SB must be appropriately sanctioned. Reporting made with malice or gross negligence that proves to be unfounded constitutes a violation of the Model and is therefore sanctionable.

Whistleblowers in good faith are guaranteed against any form of retaliation, discrimination or penalization, and in any case the confidentiality of the identity of the whistleblower is ensured, without prejudice to legal obligations and the protection of the rights of the Company or of persons wrongly accused and/or in bad faith.

9.5 COLLECTION AND STORAGE OF INFORMATION

All information, reports and reports provided for in this Model are kept by the SB in a special database (computer or paper) for a period of 10 years.

Access to the database is permitted exclusively to the SB and to persons delegated and authorised by it. Below is a sample list of the particular information to be stored in the database:

- Any useful information concerning decisions regarding the application, disbursement and use of public funds;
- The summary schedules of the contracts for which the Company was awarded following tenders at national and international level, or by private treaty;
- News and documentation relating to contracts awarded by public bodies or persons performing public utility functions;
- Requests for legal assistance made by managers, employees or other persons entitled to do so, against whom the judiciary has initiated proceedings for the offences provided for by Legislative Decree 231/2001;
- Measures and/or information from the judicial police, or any other authority, from which it can be inferred that investigations are being carried out, even against unknown persons, for the offences referred to in Legislative Decree 231/2001;
- Information regarding compliance, at all levels of the company, with the Model or the Code of Ethics, with evidence of the disciplinary proceedings initiated and any sanctions imposed or the measures of filing, with the relative reasons;
- Reports prepared by the heads of other corporate functions as part of their control activities and from which facts, acts, events or omissions may emerge that are relevant for the purposes of compliance with the provisions of Legislative Decree 231/2001;
- The updated system of proxies and powers of attorney;
- With regard to the protection of safety and hygiene in the workplace, relevant documents and significant events such as, by way of example but not limited to: risk assessment documents, budget and progress plan, appointments of RSPPs and competent doctors, new appointments, list of accidents, accident reports, special inspections, emergency procedures, etc..
- The documents of the Environmental Management System.

10. TRAINING OF RESOURCES AND DISSEMINATION OF THE MODEL

10.1 TRAINING AND INFORMATION FOR EMPLOYEES AND CORPORATE BODIES

For the purposes of the effectiveness of this Model, it is the Company's objective to guarantee a correct knowledge, both to the resources already present in the company and to those to be included, of the rules of conduct contained therein, with a different degree of detail in relation to the different level of involvement of the same resources in the Sensitive Processes.

The information and training system is supervised and integrated by the activities carried out in this field by the SB in collaboration with the Human Resources, the Compliance office and with the managers of the other functions involved in the application of the Model from time to time.

- **Initial communication**

The adoption of this Model is communicated to all the resources present in the company at the time of adoption.

New employees and persons who hold a company position for the first time, on the other hand, are given an information set (e.g. Code of Ethics, National Collective Labour Agreement, Model, ARaymond group policies, Legislative Decree 231/2001, etc.), with which to ensure that they have the knowledge considered of primary importance.

- **Training**

The training activity aimed at disseminating knowledge of the regulations set out in Legislative Decree 231/2001 is differentiated, in terms of content and delivery methods, according to the qualification of the recipients, the level of risk of the area in which they operate, and whether or not they have representative functions of the Company.

In particular, the Company provides for different levels of information and training through appropriate dissemination tools for:

1. Top management and Corporate Bodies;
2. Employees operating in sensitive areas;
3. Employees who do not operate in sensitive areas.

All training programmes have a minimum common content consisting in the illustration of the principles of Legislative Decree 231/2001, the elements constituting the Organisation, Management and Control Model, the individual types of offences provided for by Legislative Decree 231/2001 and the behaviours considered sensitive in relation to the performance of the aforementioned offences.

In addition to this common matrix, each training program is modulated in order to provide its users with the tools necessary for full compliance with the Decree in relation to the scope of operation and tasks of the recipients of the program itself.

Participation in the training programmes described above is compulsory and the control of actual attendance is delegated to the SB and/or the human resources function and/or the compliance office.

The SB is also responsible for monitoring the quality of the contents of the training programmes as described above.

The provider is required to collect in a special file, by the same archived, the objective evidence of the training provided.

10.2 INFORMATION FOR CONSULTANTS AND PARTNERS

Consultants and Partners are informed of the content of the Model and of the Company's need for their conduct to comply with the provisions of Legislative Decree 231/2001 on the basis of procedural rules.

11. DISCIPLINARY SYSTEM

11.1 FOREWORD

In order for the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 to have exempting effect for the Company, it must provide, as indicated by art. 6, paragraph 2, letter e), art. 6, paragraph 2-bis, letter d) and art. 7, paragraph 4, letter b), for a *disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model itself*.

The requirements to which the system of sanctions must respond can be inferred from the existing doctrine and jurisprudence that identify them in:

- **Specificity and autonomy:** the *specificity* is expressed in the preparation of a sanction system within the Company aimed at sanctioning any violation of the Model, regardless of whether or not it results in the commission of a crime; the requirement of *autonomy*, however, is expressed in the self-sufficiency of the functioning of the internal disciplinary system with respect to external systems (e.g. criminal proceedings), or, the Company is required to sanction the violation independent of the criminal proceedings established and this in view of the type of violation relating to the protocols and procedures provided for in the Model;
- **Compatibility:** the procedure for ascertaining and imposing the sanction, as well as the sanction itself, cannot be in conflict with the provisions of the law and with the contractual provisions governing the employment relationship with the Company;
- **Suitability:** the system must be efficient and effective in preventing the commission of offences;
- **Proportionality:** the sanction applicable or applied must be proportionate to the violation detected;
- **Written drafting and appropriate dissemination:** the system of sanctions must be drawn up in writing and subject to timely information and training for the recipients.

A substantial prerequisite of the Company's disciplinary power is the attribution of the violation to the worker (whether subordinate or in a senior position or collaborator), and this regardless of the circumstance that such conduct constitutes a violation from which criminal proceedings arise.

The basic requirement for sanctions is their proportionality to the infringement found, which will have to be assessed in accordance with two criteria:

- the gravity of the violation;
- the type of employment relationship established with the employee (subordinate, quasi-subordinate, executive, etc.), taking into account the specific legislative and contractual regulations in force.

In any case, the **right of defence** of the person against whom the complaint has been made must be guaranteed.

The Company has therefore adopted a disciplinary system (hereinafter also referred to as the 'Disciplinary System') aimed at sanctioning the violation of the principles, rules and measures provided for in the Model and the relative Protocols, in compliance with the rules provided for by national collective bargaining, as well as with the laws or regulations in force.

The Company, aware of the need to comply with the law and the provisions in force on the subject, ensures that the sanctions that can be imposed under this Sanctions System are in compliance with the provisions of the national collective labour agreements applicable to the sector; it also ensures that the procedural procedure for the notification of the offence and for the imposition of the relative sanction is in compliance with the provisions of art. 7 of Law no. 300 of 30 May 1970 (Workers' Statute).

For recipients who are bound by contracts of a nature other than an employment relationship (Directors, members of the Board of Statutory Auditors of the Supervisory Body and, in general, the External Parties), the applicable measures and sanctioning procedures must be in compliance with the law and contractual conditions.

11.2 FUNCTION OF THE DISCIPLINARY SYSTEM.

Violations of the Model and the related Protocols committed by persons in a "top management" position and by persons subject to the direction of others or operating in the name and/or on behalf of the Company are punishable.

The application of the disciplinary system and the related sanctions is independent of the course and outcome of any criminal proceedings initiated by the judicial authorities in the event that the conduct to be censured is also valid to constitute a type of crime pursuant to Legislative Decree 231/2001.

This is without prejudice to the Company's right to apply the sanctions provided for by the relevant laws and company practices with reference to conduct that is not relevant for the application of Legislative Decree 231/2001.

11.3 STRUCTURE, ELABORATION AND ADOPTION OF THE DISCIPLINARY SYSTEM

The Disciplinary System described in this chapter and constituting an integral part of the Model, in addition to being delivered, also electronically or on computer support, to persons in apical positions and to employees, as well as published on the company intranet, is posted in a place accessible to all to ensure its full knowledge by all Addressees.

11.4 THE RECIPIENTS OF THE DISCIPLINARY SYSTEM

The recipients of this disciplinary system correspond to the recipients of the Model pursuant to Legislative Decree 231/2001 itself.

Recipients are required to conform their conduct to the principles set out in the Code of Ethics and to all the principles and measures of organisation, management and control of company activities defined in the Model itself.

11.4.1 DIRECTORS AND OTHER INDIVIDUALS IN "TOP" POSITIONS

The rules and principles contained in the Model and in the related Procedures must be respected, in the first place, by those who hold a so-called "top position". This category includes persons "who hold positions of representation, administration or management of the entity or one of its organisational units with financial and functional autonomy", as well as persons who "exercise, even de facto, the management and control" of the entity (see art. 5, paragraph 1, letter a), of the Decree).

In this context, the position of the members of the management and control bodies of the Company is of relevance, first and foremost. In secundis, persons in "top positions" are also considered to be General Managers, executives and department heads if they have financial and functional autonomy.

All the persons indicated are liable to the sanctions provided for in this Disciplinary System for violating the provisions of the Model.

11.4.2 EMPLOYEES

As already specified, the Decree provides for the adoption of a suitable Disciplinary System that sanctions any violations of the measures provided for in the Model subject to the management or supervision of a "top" subject.

In this sense, it is necessary to consider the position of all employees linked to the Company by a subordinate employment relationship, regardless of the contract applied, the qualification and/or the company classification recognized or even subject to the employer power of the company by virtue of an employment relationship (e.g. executives not "senior", managers, employees, workers, fixed-term workers, workers with employment contracts, workers in administration etc.; hereinafter, also the "**Employees**").

11.4.3 MEMBERS OF THE BOARD OF STATUTORY AUDITORS AND THE SB

This Disciplinary System also has the function of sanctioning violations of the Model committed by so-called members of the control bodies.

The following persons may be included in this category

- the members of the Board of Statutory Auditors;
- the members of the SB pursuant to Legislative Decree 231/2001.

11.4.4 OTHER SUBJECTS REQUIRED TO COMPLY WITH THE MODEL

This Disciplinary System also has the function of sanctioning violations of the Model committed by persons other than those indicated above.

In particular, these are all the subjects who are in any case required to comply with the Model by virtue of the function performed on behalf of the Company (hereinafter collectively referred to as "**Third Party Recipients**").

The following persons may be included in this category

- all those who have an employment relationship with the Company of a non-subordinate nature (project workers, consultants, etc.);
- collaborators in any capacity, including those who work on a continuous basis for the Company (so-called "professional assignments");
- attorneys, agents and all those who act in the name and/or on behalf of the Company;
- suppliers and partners.

11.5 RELEVANT PIPELINES

For the purposes of this Disciplinary System, and in compliance with the provisions of collective bargaining or contractual conditions, where applicable, the actions or behaviours carried out in violation of the Model adopted by the Company and its constituent elements are subject to sanctions.

Possible violations

The following are the violations that are disciplinarily relevant:

- A) Violation of the Company's internal procedures or of the procedures/protocols provided for by the Model (e.g. failure to comply with the prescribed procedures, failure to notify the Supervisory Body of prescribed information, failure to carry out controls, etc.) or adoption, in the performance of activities connected with Sensitive Processes, of conduct that does not comply with the Company's procedures or operating instructions or with the requirements of the Model or the Code of Ethics that expose the Company to an objective situation of risk of commission of one of the offences.

- B) The violation and/or circumvention of internal control systems, carried out by removing, destroying or altering the documentation of the procedure or by preventing the control or access to information and documentation from the persons in charge, including the SB.
- C) Adoption, in the performance of activities related to Sensitive Processes, of behaviours that do not comply with the procedures or operating instructions of the Company or with the provisions of this Model or the Code of Ethics and are unambiguously directed towards the performance of one or more Offences.
- D) Adoption, in the performance of activities related to Sensitive Processes, of behaviours that are clearly in violation of the procedures or operating instructions of the Company or of the provisions of this Model or of the Code of Ethics, such as to determine the concrete application to the Company of sanctions provided for by Legislative Decree 231/2001.
- E) non-compliance with the rules contained in the Code of Ethics.
- F) failure to comply with the obligations to report to the SB and/or to the direct hierarchical superior.
- G) failure to supervise, as "hierarchical manager", the observance of the procedures and prescriptions of the Model by their subordinates in order to verify their conduct within the areas at risk of crime and, in any case, in the performance of activities instrumental to operational processes at risk of crime.
- H) Commission of one of the Offences.
- I) Failure to attend training courses on the subject of Legislative Decree No. 231/2001.
- J) With reference to persons in apical positions, violation of the management or supervisory obligations referred to in Article 7 c. 1 of Legislative Decree No. 231/2001 or failure to intervene promptly to eliminate violations of the Model and/or prevent the perpetration of the predicate offences.
- K) With reference to the Company's Directors, 'non-carelessness'¹³ of the proposals to update the Model, made by the SB.

In addition, the violations in terms of health and safety at work and the environment, which are disciplinarily relevant, are listed according to an increasing order of seriousness:

- L) failure to comply with the Model, if the violation results in a situation of real danger to the physical integrity of one or more persons, including the author of the violation, and provided that one of the conditions provided for in the following points is not met; M, O and P.
- M) failure to comply with the Model, if the violation results in an injury to the physical integrity of one or more persons, including the author of the violation, and provided that one of the conditions provided for in points O and P below is not met.
- N) failure to comply with the Model, if the violation results in an injury, qualifying as "serious" pursuant to art. 583, paragraph 1, of the Italian penal code, to the physical integrity of one or more persons, including the perpetrator of the violation, and provided that one of the conditions provided for in point P below is not met.
- O) failure to comply with the Model, if the violation results in an injury to the physical integrity or death of one or more persons, including the perpetrator of the violation, which can be qualified as "very serious" pursuant to art. 583, paragraph 1, of the Italian penal code.
- P) Infringement or omission because of gross negligence, inexperience or recklessness of any requirement aimed at preventing pollution or environmental damage.

In addition, the violation of the provisions of Article 6, paragraph 2-bis, letter d) of Legislative Decree no. 231/01 concerning reports of unlawful conduct, relevant pursuant to Legislative Decree no. 231/01 itself, or violations of the Model, i.e. violation of the provisions and company policy on how to submit reports pursuant to Law 179/2017 (Law on Whistleblowing), constitutes a reason for the application of the sanctioning measures provided for by this disciplinary system.

In particular, they are subject to disciplinary sanctions:

¹³ "Non-carelessness" means the failure to process the update report within three months of the report itself.

- failure to set up and/or maintain the reporting channels pursuant to Article 6, paragraph 2 bis letter d) of Legislative Decree 231/2001 or their inadequacy for the prescribed purposes.
- the conduct of persons who intentionally or grossly negligently report violations that prove to be unfounded;
- failure to comply with the prohibition of retaliatory or discriminatory acts, direct or indirect, against the reporter for reasons directly or indirectly related to the reporting and/or failure to provide appropriate means to avoid such acts;
- violations of the measures for the protection of the whistleblower with reference to the right of confidentiality; the disclosure of the identity of the whistleblower pursuant to Law 179/2017, unless it constitutes an act required by law and/or by contract, or the fulfilment of a duty and/or a legitimate order of the public authority, must be subject to disciplinary sanctions;
- the persons reported who are held responsible as a result of the investigative activity carried out by the Supervisory Body, which is the recipient of the report.

Violation of the provisions on the processing and protection of personal data pursuant to the New Privacy Code 2018 (Legislative Decree 196/2003 Coordinated with Legislative Decree 101/2018) and to EU Regulation 2016/679 (GDPR) and the provisions contained in the Internal Regulations, the Rules of Conduct as well as the Disciplinary Rules for the proper use of IT tools shall also constitute grounds for the application of disciplinary measures.

11.6 SANCTIONS PROVIDED FOR EACH CATEGORY OF RECIPIENTS

With regard to each of the relevant conducts, the sanctions that may theoretically be imposed for each category of Recipients are indicated.

In any case, the identification and imposition of sanctions must take into account the principles of proportionality and adequacy with respect to the alleged breach.

In this respect, the **gravity of** the infringement will be assessed on the basis of the following circumstances:

- the time frame and the concrete modalities for the implementation of the infringement;
- the presence and intensity of the intentional element;
- the extent of the damage or danger as a consequence of the infringement for the Company and for all employees and stakeholders of the Company itself;
- the predictability of the consequences;
- the circumstances in which the infringement took place.

Recidivism is an aggravating circumstance and involves the application of a more serious penalty, within the limits of the provisions of collective bargaining, where applicable.

In any case, the sanctions and any claim for damages are commensurate with the level of responsibility and autonomy of the recipient, the possible existence of previous disciplinary measures against him, the intentionality of his conduct and the seriousness of the same, meaning the level of risk to which the Company can reasonably be considered exposed, pursuant to and for the purposes of Legislative Decree 231/2001, following the conduct censured.

The application of the sanctions indicated below does not prejudice in any case the right of the Company to take action against the person responsible in order to obtain compensation for all damages suffered due to or as a result of the conduct ascertained.

This is without prejudice to any claim for compensation if such conduct causes concrete damage to the Company, as in the case of application to it by the judge of the measures provided for by Legislative Decree 231/2001.

11.6.1 DISCIPLINARY PROCEEDINGS.

The procedure for the imposition and application of the sanction is regulated with regard to each category of recipients, regulating, for each.

- 1) The stage of notification of the violation to the person concerned;
- 2) The related counterdeduction by the person on whom the sanction was imposed;
- 3) The phase of determination and subsequent application of the penalty.

The disciplinary system is subject to constant monitoring and evaluation by the SB and the Human Resources Manager, the latter remaining responsible for the concrete application of the disciplinary measures outlined herein on any report from the SB and having consulted the hierarchical superior of the perpetrator of the conduct censured.

With regard to the investigation of offences, disciplinary proceedings and the imposition of sanctions, the powers already conferred, within the limits of their respective competences, on company management remain unchanged.

The provisions contained in the Disciplinary System do not preclude the right of the addressees to exercise all their rights, including those of contestation or opposition against the disciplinary measure or the establishment of an Arbitration Board, recognised to them by law or regulation, as well as by collective bargaining or by the applicable company regulations.

11.7 MEASURES AGAINST EMPLOYEES

Violation by employees subject to the CCNL applied by the Company of the individual rules of conduct set out in this Model and the Code of Ethics constitutes a disciplinary offence.

The sanctions that can be imposed on the Company's employees, in accordance with the provisions of Article 7 of Law 300/1970 (the so-called Workers' Statute) and any special rules that may be applicable and subsequent amendments and/or additions, are those provided for by the system of sanctions referred to in the national collective bargaining agreement of reference and, more specifically:

- a) verbal recall;
- b) written warning;
- c) fine of up to 4 hours' salary;
- d) suspension for up to 10 (ten) days from service and pay, and in any case within the limits of the collective agreement applicable to the specific case;
- e) dismissal with notice for significant breach of the contractual obligations of the employee (justified subjective reason, pursuant to art. 7 of Law 300 of 20 May 1970 and the current CCNL);
- f) dismissal without notice for such a serious failure that the relationship cannot be continued, even temporarily, (just cause).

When required by the nature of the absence or need for investigation as a result of the same, the company - pending a final disciplinary measure - may order the temporary removal of the worker from the service for the time strictly necessary.

The applicability of all the provisions and guarantees provided for by art. 7 of Law 300/1970 and subsequent amendments and/or additions to the disciplinary procedure is understood to be understood. With regard to the investigation of offences, disciplinary proceedings and the prescription of sanctions, the powers already conferred within the Company remain valid, within the limits of their respective mandates and powers.

The behaviors that constitute violations are as follows:

1. **verbal warning:** in cases of culpable violation of the procedures and prescriptions indicated in this Section, in the previous chapter "Significant Conduct" and/or procedural errors due to negligence of the worker having external relevance;

2. **written warning:** in cases where the worker has repeatedly violated the procedures provided for with a repetition of failures punishable by verbal reprimand. The same measure shall be taken if, in the exercise of his activities, the worker adopts behaviour that does not comply with the requirements, with minor non-compliance with the contractual rules or directives or instructions given by management or superiors, or adopts negligent behaviour that is not serious, or omits to report or tolerates minor irregularities committed by others belonging to the staff or by third parties;
3. **monetary fine** not exceeding 4 hours of hourly pay calculated on the basis of the minimum scale, when the worker is repeat offender in violating the procedures provided for with a repetition of failures punishable by verbal reprimand and with the subsequent written reprimand;
4. **suspension from service and pay for a period not exceeding 10 days** when the worker who engages in conduct which, due to objective circumstances, specific consequences or recidivism, is of greater importance than the punishability with lower penalties. The same measure applies to workers who, in the exercise of their activities, adopt a conduct that does not comply with the provisions, with negative repercussions for the company or for third parties, with repeated or serious non-compliance with the contractual rules or directives or instructions given by senior management or superiors, as well as adopt a serious negligent conduct or that has had negative repercussions for the company or for third parties or omits to report or tolerate serious irregularities committed by others belonging to staff or by third parties;
5. **dismissal with notice for significant breach of contractual obligations (justified reason)** when the worker who carries out a violation of internal provisions and rules of conduct, contractual rules or duties relating to the disciplinary sphere, company directives, performance at work, such as to constitute, or by the particular nature of the absence or its recidivism, a "significant" breach of the obligations relating;
6. **dismissal without notice (for just cause)** when the worker who adopts a conduct of such seriousness (or for painfulness of the fact, or for the criminal or pecuniary consequences, or for recidivism, or for its particular nature) as to make the trust on which the employment relationship is based no longer exist, and in any case not to allow the continuation of the relationship even temporarily.

The type and extent of each of the above-mentioned sanctions, with specific reference to the provisions of Legislative Decree 231/2001, will be applied taking into account the provisions of the relevant laws and company practices, as well as taking into account:

- a) intentionality of the behaviour or degree of negligence, imprudence or inexperience with regard also to the predictability of the event;
- b) the overall conduct of the worker with particular regard to the existence or otherwise of previous disciplinary measures of the same, within the limits permitted by law;
- c) the worker's duties;
- d) functional position of the persons involved in the facts constituting the deficiency;
- e) other particular circumstances accompanying the disciplinary offence.

This is without prejudice to the Company's right to apply the sanctions provided for by the relevant laws and company practices with reference to conduct that is not relevant for the application of Legislative Decree 231/2001.

For the purposes of determining recidivism, with specific reference to the relevant conduct pursuant to Legislative Decree 231/2001, only the disciplinary sanctions imposed during the last two years are considered.

This is without prejudice to the prerogative of the Company to claim compensation for damages resulting from the violation of internal provisions and policies and the rules of conduct by an employee.

The compensation for any damages requested will be commensurate with:

- a) level of responsibility and autonomy of the employee, author of the disciplinary offence;
- b) the existence, if any, of any disciplinary precedents against the same;
- c) the degree of intentionality of his behavior;
- d) seriousness of its effects, meaning the level of risk to which the company reasonably believes it has been exposed as a result of the conduct censured.

With regard to the investigation of offences, disciplinary proceedings and the imposition of sanctions, the powers already conferred, within the limits of their respective competences, on company management remain unchanged.

The ultimate responsibility for the concrete application of the disciplinary measures described above, for conduct relevant for the purposes of Legislative Decree 231/2001, lies with the Human Resources Manager together with the Managing Director, who will establish the sanctions also taking into account any reports made to the SB, on the basis of what is defined by the individual provisions of the law (for example, Legislative Decree 231/2001, Legislative Decree 81/2008).

All the provisions in terms of compliance with the Disciplinary procedure provided for by law, national collective bargaining agreement and company practice remain unchanged.

In any case, for all the cases described above, in compliance with the provisions of art. 6 of Legislative Decree no. 231, paragraph 2-quater of 8 June 2001, the retaliatory or discriminatory dismissal of the person who reports illegal conduct, relevant under Legislative Decree no. 231/01 or violations of the organization model, is null and void. Any change of duties pursuant to Article 2103 of the Italian Civil Code, as well as any other retaliatory or discriminatory measure adopted against the reporter, shall also be null and void. It is the employer's responsibility, in the event of disputes related to the imposition of disciplinary sanctions, or to demergers, dismissals, transfers, or submission of the whistleblower to another organisational measure having direct or indirect negative effects on working conditions, following the submission of the whistleblower, to prove that such measures are based on reasons unrelated to the whistleblower.

11.8 MEASURES AGAINST MANAGERS

Given the seriousness of the consequences for the Company in the event of unlawful conduct, any failure to comply with the Model by Managers, as well as by Directors, employees, constitutes a breach of the duties of diligence and loyalty (Articles 2104, 2105 and 2106 of the Civil Code) and, in the most serious cases, damages the relationship of trust established with the Company.

By way of example, the commission (even in the form of an attempt) of any criminal offence of relevance pursuant to Legislative Decree No. 231/2001, the failure to supervise subordinates about compliance with the Model and the rules referred to therein, the failure to comply with the reporting and information obligations vis-à-vis the SB, the tolerance or omission to report irregularities committed by other employees or partners of the Company, constitute infringements.

In any case, if the breach of the Model breaks the relationship of trust, the sanction is termination of employment.

In particular, the following sanctions are provided for against Manager:

- Verbal reprimand, where the violation of one or more procedural or behavioural rules provided for in the Model or in the Code of Ethics constitutes a minor irregularity.
- A written reprimand, in cases of recurrence of the infringements referred to in the previous point.
- Suspension from service and salary for a period not exceeding 10 days, in the event of serious violation of one or more procedural or behavioural rules laid down in the Model or in the Code of Ethics, when such violation does not prejudice the normal activity of the Company.
- Dismissal for just cause, in the case of a serious breach of one or more procedural or behavioural rules provided for in the Model or in the Code of Ethics that causes financial damage to the Company or exposes it to an objective situation of danger regarding the day-to-day management of the business activity.
- Dismissal for just cause, if the violation of one or more provisions of the Model or of the Code of Ethics is so serious as to irreparably damage the relationship of trust, not allowing the continuation, even temporary, of the employment relationship.

About the procedures for handling disputes concerning the conduct or actions of Executives, the same provisions described in this regard in the previous paragraph shall apply with reference to employees, except in the case where

the executive holds the office of director, in which case the procedure envisaged for directors in the following paragraph shall prevail.

The sanctions envisaged by the Company for its executives in the event of violations of the Model constitute a separate and autonomous system with respect to the sanctions envisaged by the legislation in force. Therefore, the executive at the time of appointment undertakes contractually to comply with the provisions of the Model and to be subject to the sanctions laid down therein ('conventional sanctions'). The approval of this Model by the executives is equivalent to their obligation to comply with it in its entirety, including the sanctions referred to and provided for therein.

For Executives with a senior position, any disputes to be raised with related penalties to be imposed following a violation of the provisions of the Model pursuant to Legislative Decree 231/2001, must be decided by the Board of Directors, after consulting the Managing Director, informing the Chairman of the supervisory body and the Chairman of the Board of Directors, taking care to protect the interests of the company without compromising its image.

11.9 MEASURES AGAINST DIRECTORS

If an administrator is found to have committed any of the violations provided for in this specification, the following penalties will apply:

- The written recall.
- The warning that the provisions of the Model must be strictly complied with.
- A fine ranging from a minimum of €/euro 1,000.00= to a maximum of €/euro 10,000.00= to be devolved to a special fund for the training of the COMPANY's personnel;
- The revocation of operational proxies, in particular, of those whose (in)fulfilment is (directly or indirectly) connected to the violation actually ascertained;
- Removal from office.

If the violation is alleged against a director linked to the Company by an employment relationship, the sanctions provided for senior managers or employees, described in the preceding paragraphs, will be applied

In this case, if the sanction of dismissal is imposed, with or without notice, the director must also be removed from office.

In the event of a violation of the Model or Code of Ethics by one or more members of the Board of Directors, the SB informs the Board of Statutory Auditors, the risk and the Compliance Manager and the entire Board of Directors, which shall take the appropriate measures, including, for example, calling a shareholders' meeting in order to adopt the most appropriate measures provided for by law.

The report of the SB contains:

- A description of the conduct observed.
- An indication of the provisions of the Model that were violated.
- The details of the person responsible for the violation; any documents proving the violation and/or other evidence.
- A proposal as to the appropriate sanction in the specific case.

Within ten days of receiving the report of the SB, the Board of Directors shall convene the member indicated by the SB for a meeting of the Board, to be held no later than thirty days after receiving the report.

The convocation of the Board of Directors shall take place in the manner laid down in the Articles of Association, be made in writing and contain:

- An indication of the contested conduct.
- An indication of the provisions of the Model that have been breached.
- The date of the meeting.
- Notice of the right to formulate any remarks and/or deductions, both written and verbal.

At the meeting of the Board of Directors, at which the SB is also invited to attend, the interested party shall be heard, any deductions formulated by the latter shall be acquired, and any further investigations deemed appropriate shall be carried out.

The Board of Directors, based on the elements acquired, having heard the Board of Auditors and the SB, determines the sanction deemed applicable, justifying any disagreement with the proposal formulated by the SB.

In any case, the SB must be informed of the conclusion of the proceedings and the type of sanction imposed.

The competence to apply the measures against the Directors of the Company lies with:

- with regard to the "written warning", the "warning", the "fine" and the "revocation of proxies", to the Board of Directors in its entirety, with a resolution passed by a majority of its members and with compulsory abstention of the accused director, against whom the violation has been ascertained; to this end, the SB and the Board of Statutory Auditors may formally request the Board of Directors to meet, placing on the agenda the initiation of sanctioning proceedings against the director against whom the violation/infringement liable to sanction has been ascertained;
- for the "removal from office" to the Ordinary Shareholders' Meeting; to this end, the Administrative Body and the Board of Statutory Auditors may convene the Ordinary Shareholders' Meeting - also at the request of the Supervisory Body -, within the terms set forth in the Articles of Association, placing on the agenda the opening of the sanctioning proceedings against the Director against whom the violation/infringement liable to be sanctioned has been ascertained the Shareholders' Meeting, if it deems that the charge is not manifestly groundless, shall grant the accused Director an adequate period of time to defend himself, at the end of which it may resolve on the sanction deemed most appropriate.

The measure/sanction of "removal from office", is applied in accordance with the combined provisions of Articles 2475 and 2383 of the Italian Civil Code, the civil law rules for the replacement of the director apply.

11.10 MEASURES AGAINST STATUTORY AUDITORS

In the event of a violation of this Model or the Code of Ethics by one or more Statutory Auditors, the SB informs the entire Board of Statutory Auditors and the Board of Directors, which will take the appropriate measures, including, for example, calling a shareholders' meeting in order to adopt the most appropriate measures provided for by law.

Regarding the sanctions system adopted by the Company in respect of Statutory Auditors, the sanctions and disciplinary procedure provided for directors described in the preceding paragraph shall apply, with the due adaptations, the same considerations made with reference to the "conventional" nature of the sanctions provided for. Therefore, at the time of accepting the appointment, the commitment to comply with the provisions of the 231/2001 Model and the Code of Ethics is requested, with the consequent sanctions in the event of non-compliance.

This is without prejudice to the possibility of resorting to the sanctions provided for by law, for instance by convening the Shareholders' Meeting in order to adopt the most appropriate measures provided for by law (e.g.: in the presence of criminal proceedings against the Mayor in relation to offences under Legislative Decree 231/2001). In the event of serious violations committed by Statutory Auditors entered in the register of auditors pursuant to Article

2397 of the Civil Code ("Composition of the Board of Auditors"), the Company may also report them to the Bodies Responsible for keeping the relevant Register.

In any case, the SB must be informed of the conclusion of the proceedings and the type of sanction imposed.

11.11 MEASURES AGAINST SB MEMBERS

In the event of a violation of this Model or the Code of Ethics by one or more members of the SB, the other members of the SB or any of the Statutory Auditors or Directors shall inform the Board of Statutory Auditors and the Board of Directors, which shall take appropriate measures, including, for example, the revocation of the appointment of members of the SB who have violated the Model and the consequent appointment of new members to replace them, or the revocation of the appointment of the entire body and the consequent appointment of a new SB. For the measures against the members of the SB, please refer to the regulations on revocation of office dictated for the same (see par. 9.1).

11.12 MEASURES AGAINST SERVICE COMPANIES, CONSULTANTS, PARTNERS AND THIRD PARTY RECIPIENTS IN GENERAL

Any violation by Service Companies, Consultants or Partners of the rules set out in this Model or of the Code of Ethics applicable to them or of the commission of Offences shall be sanctioned in accordance with the provisions of the specific contractual clauses included in the relevant contracts, which provide for the commitment of the commercial counterparty to comply with the contents of the documents under analysis and to promptly report any anomaly that may be found in the area of compliance with Legislative Decree 231/2001. Legislative Decree No. 231/2001, under penalty of the legal termination of the contractual relationship pursuant to Article 1456 of the Italian Civil Code, or the exercise of the right to withdraw, even without notice, from the relationship itself, or the suspension of the execution of the contract.

This is without prejudice to any claim for compensation if such conduct causes concrete damage to the Company, as in the case of application to it by the judge of the measures provided for by Legislative Decree 231/2001.

In the event that the violations are committed by workers administered or in the context of works or service contracts, the sanctions will be applied, upon positive assessment of the violations by the worker, against the administrator or contractor.

In the context of relations with Third Party Recipients, the Company inserts, in the letters of appointment and/or in the relative negotiating agreements, specific clauses that:

- acknowledge knowledge of the Decree and the Code of Ethics;
- require the assumption of a commitment to abstain from conduct liable to constitute the offences referred to in the Decree (regardless of whether the offence has been committed or is punishable);
- regulate the consequences in the event of violation of the provisions contained in the clause, or a unilateral declaration, by the third party or collaborator, that they are aware of the Decree and the Company's Code of Ethics and undertake to base their activities on compliance with their provisions.

It is up to the SB to assess the suitability of the sanctioning measures against third parties (relating to the offence hypotheses provided for in the Decree) and to report to the Board of Directors on their possible updating.

The sanctions for non-compliance with the Model, compliance with which is included in the contractual obligations, depending on the seriousness of the alleged violation, may consist of a warning to comply with the Model, the application of a penalty, the termination of the relevant contract, the exercise of the right to terminate the contract, even without notice, and the suspension of the execution of the contract.

12. VERIFICATION OF THE ADEQUACY AND UPDATE OF THE MODEL

In addition to the supervisory activity that the SB continuously carries out on the effectiveness of the Model (and which takes the form of checking the consistency between the concrete behaviour of the recipients and the Model itself), it periodically carries out specific checks on the real capacity of the Model to prevent the Offences (if necessary, if it deems it appropriate, assisting itself with third parties).

This activity takes the form of a sample check of the main corporate deeds and the most important contracts concluded by the Company about the Sensitive Processes and their compliance with the rules set out in this Model.

In addition, an analysis is carried out of all the reports received during the year, of the actions taken by the SB, of the events considered risky and of the awareness of the Employees and Corporate Bodies with regard to the problem of the criminal liability of the company with random checks.

The checks are carried out by the SB, which normally avails itself of the support of other internal functions which, from time to time, are necessary for this purpose and/or also of external subjects with recognised professionalism and specific skills in the field.

The audits and their outcome are reported annually to the Board of Directors and the Board of Statutory Auditors. In particular, in the event of a negative outcome, the SB will set out, in the plan for the year, the improvements to be implemented.

Concerning the updating of the Model, the Board of Directors shall deliberate on the updating of the Model and its adjustment in relation to changes and/or additions that may become necessary as a result of: changes in the Company's internal structure and/or in the way business activities are carried out; changes in business areas; changes in regulations; control findings; significant violations of the Model's prescriptions.

In the event that changes of a purely formal nature become necessary, such as clarifications or specifications of the text, the Managing Director, as the competent body in the matter, may provide for them autonomously, after hearing the opinion of the SB, reporting without delay to the Board of Directors.

In any case, any events found by the SB that make it necessary to amend or update the Model must be reported by the same to the Board of Directors, so that it can take the resolutions within its competence.

Changes to company procedures necessary for the implementation of the Model are made by the functions concerned. The SB is constantly informed by the heads of the corporate functions about the introduction or the most significant updates of the operating procedures.

SPECIAL PARTS

SPECIAL PART A	OFFENSES IN DEALINGS WITH THE P.A.
SPECIAL PART B	CORPORATE CRIMES AND BRIBERY AMONG PRIVATE INDIVIDUALS
SPECIAL PART C & SPECIAL PART C-BIS	CRIMES OF RECEIVING STOLEN GOODS, MONEY LAUNDERING AND USE OF ILLICIT MONEY, GOODS OR UTILITIES, AS WELL AS SELF-LAUNDERING AND CRIMES FOR THE PURPOSE OF TERRORISM OR SUBVERSION OF THE DEMOCRATIC ORDER
SPECIAL PART D	CRIMES OF MANSLAUGHTER AND GRIEVOUS OR VERY GRIEVOUS BODILY HARM COMMITTED IN VIOLATION OF ACCIDENT PREVENTION AND OCCUPATIONAL HYGIENE AND HEALTH PROTECTION REGULATIONS
SPECIAL PART E	INDUSTRIAL PROPERTY AND COPYRIGHT OFFENCES OFFENCES OFFENCES RELATING TO DISRUPTION OF COMPETITION
SPECIAL PART F	TRANSNATIONAL CRIMES
SPECIAL PART G	COMPUTER CRIMES AND UNLAWFUL DATA PROCESSING
SPECIAL PART H	ORGANISED CRIME OFFENCES
SPECIAL PART I	INDUCEMENT NOT TO MAKE STATEMENTS OR TO MAKE FALSE STATEMENTS TO JUDICIAL AUTHORITIES
SPECIAL PART L	ENVIRONMENTAL OFFENCES
SPECIAL PART M	OFFENCES OF COUNTERFEITING MONEY AND INSTRUMENTS OR IDENTIFYING MARKS
SPECIAL PART N	EMPLOYMENT OF ILLEGALLY STAYING THIRD-COUNTRY NATIONALS
SPECIAL PART O	TAX OFFENCES
SPECIAL PART P	SMUGGLING OFFENCES