

	<b>ORGANIZATIONAL MODEL</b> Model of organization, management and control D.lgs. 231/2001 <b>General Part (OGC)</b>	02
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**GREAT LENGTHS S.P.A. SOCIETÀ BENEFIT**

**MODEL OF ORGANIZATION, MANAGEMENT AND CONTROL  
WITHIN THE MEANING OF D. LGS. No. 231/2001**

**General Part**

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- 1) **Facsimile of Evidence Cards**
- 2) **Code of Ethics**

## **1. The regime of administrative liability of institutions: regulatory framework**

### **1.1. Scope and imputation criteria**

With Legislative Decree 8 June 2001, n. 231 containing "*Regulation of the administrative liability of legal persons, companies and associations also without legal personality, pursuant to art. 11 of Law no. 300 of 29 September 2000*" (hereinafter, also just "**Decree**"), which entered into force on 4 July 2001, it was intended to adapt the internal legislation on the liability of legal persons to the international conventions to which Italy has already adhered for some time, such as:

- the Brussels Convention of the European Community of 26 July 1995 on the protection of financial interests;
- the Brussels Convention of 26 May 1997 on the fight against corruption;
- the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in Economic and International Transactions.

The Decree, introducing into the Italian legal system the principle of criminal liability of entities, has provided for sanctions for those entities that have not organized themselves to avoid criminal phenomena in the sense of the company, when subjects functionally referable to the entity have committed some of the crimes indicated by the same Decree.

Art. 1 of the Decree identifies as recipients of the provisions contained therein entities with legal personality and companies and associations also without legal personality (hereinafter, also only "Entities"); on the other hand, the State, non-economic public bodies, local public bodies, as well as entities that perform functions of constitutional relief.

As for the constituent elements of the entity's offence, it is necessary first of all the commission of a predicate offence by :

- a) subjects who hold functions of representation, administration or management of the Entities or of one of their organizational units with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the same (the so-called subjects "in top position");
- b) subjects subject to the direction or supervision of one of the subjects referred to in point a) (the so-called "subordinate subjects").

Secondly, the offence must have been committed in the interest or for the benefit of the entity itself.

It is an autonomous liability system, characterized by conditions and consequences distinct from those provided for the criminal liability of the natural person.

As mentioned above, an essential condition for assuming the responsibility of the Body is that the crime has been carried out by qualified persons in the **interest or advantage** of the Company. The Body, in fact, is not liable if the persons indicated above "*have acted in their own exclusive interest or in the interests of third parties*" (art. 5, first and second paragraphs respectively, D. Lgs. n. 231/2001).

The Government Report accompanying Legislative Decree no. 231/2001 attributes to the notion of "interest" a 'subjective' meaning, corresponding to the will of the author or the natural person who materially committed the offense: the latter, in fact, must have activated having as the purpose of its action the realization of a specific interest of the entity.

To the noun "advantage", on the other hand, the Legislator has attributed an 'objective' meaning, inherent to the actual results of the conduct carried out by the agent: the reference is to cases in which the offender, while not wanting to pursue an interest Proper to the entity, however, carries out a conduct, and integrates an event, which results in an advantage for the legal person.

The search for interest requires an *ex ante* verification; conversely, that of advantage requires an *ex post* assessment, the result of the criminal conduct having to be concretely assessed.

## **1.2. The offences relevant to the purposes of D. Legislative decree. No. 231/2001 (so-called predicate crimes)**

The Body is liable, pursuant to the Decree, if one of the qualified subjects (i.e. subjects in top positions and subjects in a subordinate position) commits, in the interest and / or to the advantage of the Body itself, one of the crimes expressly referred to in the Decree.

At the time of adoption of this Model, the crimes referred to in the Decree (cd. "Predicate crimes") and, as such, relevant to the possible liability of the Entity, can be divided into the following categories:

- 1. crimes against the Public Administration**, referred to in Articles. 24 and 25 of Decree<sup>1</sup>;
- 2. computer crimes and unlawful processing of data**, referred to in art. 24 *bis* of the Decree;
- 3. crimes in the field of organized crime**, referred to in art. 24 *ter* of the Decree;
- 4. crimes of forgery in coins, public credit cards and stamp duties and in instruments or signs of recognition**, referred to in art. 25 *bis* of the Decree;
- 5. crimes against industry and commerce**, referred to in art. 25 *bis* 1 of the Decree;
- 6. corporate crimes**, referred to in art. 25 *ter* of the Decree;

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<sup>1</sup> As a result of Law No 9 January 2019, no. 3, the case of "*Trafficking in illicit influences*" pursuant to art. 346-bis of the Italian Criminal Code. which will be discussed in the Special Part dedicated to crimes against the P.A.

7. **crimes with the purpose of terrorism and subversion of the democratic order**, referred to in art. 25 *quarter* of the Decree;
8. **crime of practices of mutilation of female genital organs**, referred to in art. 25 *quarter* 1 of the Decree;
9. **crimes against the individual personality**, referred to in art. 25 *quinquies* of the Decree;
10. Crimes of **market abuse** , referred to in art. 25 *sexies* of the Decree;
11. **crimes relating to health and safety at work**, referred to in art. 25 *septies* of the Decree;
12. **crimes of receiving stolen goods, money laundering and use of money, goods or benefits of illicit origin and self-laundering**, referred to in art. 25 *octies* of the Decree;
13. **Crimes relating to non-cash payment instruments**, referred to in art. 25 *octies*1 of the Decree;
14. **crimes regarding copyright infringement** , referred to in art. 25 *novies* of the Decree;
15. **crime of induction not to make statements or to make false statements to the judicial authority**, referred to in art. 25 *decies* of the Decree;
16. **environmental crimes**, referred to in art. 25 *undecies* of the Decree;
17. **crime of employment of third-country nationals whose stay is illegal**, referred to in art. 25<sup>th</sup> *duodecies* of the Decree;
18. **crimes of racism and xenophobia**, referred to in art. 25 *terdecies* of the Decree;
19. **fraud in sports competitions, abusive exercise of gaming or betting and games of chance exercised by means of prohibited devices**, referred to in art. 25 *quaterdecies* of the Decree;
20. **crimes of a transnational nature**, provided for by Law no. of 16 March 2006. 146;
21. **tax crimes in relation to the commission of the crime of fraudulent declaration through the use of invoices or other documents for non-existent transactions**, referred to in art. 25 *quinquiesdecies* of the Decree.
22. **smuggling crimes**, referred to in art. 25 *sexiesdecies* of the Decree.
23. **Crimes against cultural heritage**, referred to in art. 25 *septiesdecies* of the Decree.
24. **Transnational crimes**, Law no. 146/2006.

Pursuant to art. 26 of the Decree, the Body is held responsible for the crimes identified by Articles. 24 et seq. even if these were made in the forms of the attempt. In such cases, however, the financial penalties and disqualifications (which will be discussed in the following paragraphs) are reduced from one third to half.

As specified by the same art. 26, the Body does not respond when it voluntarily prevents the completion of the action or the realization of the event.

Furthermore, it should be noted that, pursuant to art. 4 of the Decree, the entities with their headquarters

in the territory of the State are also liable in relation to crimes committed abroad in the cases and conditions provided for Articles 7 to 10 of the Criminal Code<sup>2</sup>, provided that the State of the place where the act was committed does not proceed against them.

Therefore, the institution is liable to prosecution when:

- in Italy it has its head office, i.e. the actual headquarters where administrative and management activities take place, possibly also different from that in which the company or registered office is located (entities with legal personality), or the place where the activity is carried out continuously (entities without legal personality);
- the State of the place where the act was committed is not proceeding against the Body ;
- the request of the Minister of Justice, to whom the punishability is subject, is also referred to the Body itself.

Finally, it should be considered that within the individual Special Parts only the crimes with respect to which the risk of realization in the company context has been assessed abstractly existing.

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<sup>2</sup> The Decree refers to the cases referred to in the following articles of the Criminal Code:

**Art. 7. Crimes committed abroad.** According to Italian law, a citizen or foreigner who commits any of the following crimes in foreign territory is punished:

1. crimes against the personality of the Italian State;
2. crimes of counterfeiting the seal of the State and using such a counterfeit seal;
3. crimes of falsity in currencies having legal tender in the territory of the State, or in stamp values or in Italian public credit cards;
4. crimes committed by public officials in the service of the State, abusing powers or violating the duties inherent in their functions;
5. any other offence for which special provisions of law or international conventions establish the applicability of Italian criminal law.

**Art. 8. Political crime committed abroad.** The citizen or foreigner, who commits in foreign territory a political crime not included among those indicated in no. 1 of the previous article, is punished according to Italian law, at the request of the Minister of Justice. If it is a crime punishable on complaint by the injured person, it is necessary, in addition to this request, also the complaint. For the purposes of criminal law, any crime that offends a political interest of the State, or a political right of the citizen, is a political crime. A common crime determined in whole or in part by political motives is also considered a political crime.

**Art. 9. Common crime of the citizen abroad.** The citizen, who, except in the cases indicated in the two previous articles, commits in foreign territory a crime for which Italian law establishes life imprisonment, or imprisonment of not less than a minimum of three years, is punished according to the law itself, provided that he is in the territory of the State.

In the case of a crime for which a shorter penalty is imposed restricting personal liberty, the offender is punished at the request of the Minister of Justice or at the request or on complaint of the injured person.

In the cases provided for in the foregoing provisions, in the case of an offence committed to the detriment of the European Communities, a foreign State or a foreign national, the offender shall be punished at the request of the Minister for Justice, provided that his extradition has not been granted or has not been accepted by the Government of the State in which he committed the offence.

**Art. 10. Common crime of the foreigner abroad.** A foreigner, who, except in the cases indicated in Articles 7 and 8, commits in foreign territory, to the detriment of the State or of a citizen, a crime for which Italian law establishes life imprisonment, or imprisonment of not less than a minimum of one year, shall be punished according to that law, provided that he is in the territory of the State, and there is a request from the Minister of Justice, or request or complaint of the injured person.

If the offence is committed to the detriment of the European Communities, a foreign State or a foreigner, the offender shall be punished in accordance with Italian law, at the request of the Minister for Justice, provided that:

1. is in the territory of the State;
2. it is a crime for which life imprisonment is established, or imprisonment of at least three years;
3. his extradition has not been granted, or has not been accepted by the Government of the State in which he committed the crime, or by that of the State to which he belongs.

### 1.3. Sanctions

The ascertainment of the responsibility provided for by Legislative Decree no. 231/2011 (whose jurisdiction is attributed to the criminal judge competent to decide on the responsibility of the natural person who is assumed to have committed the crime) exposes the Body to the application of various types of sanctions, qualified as "*administrative*" (art. 9 of the Decree).

**Financial penalties:** they are governed by articles 10, 11 and 12 of the Decree and apply in all cases where the responsibility of the Body is recognized.

The determination of the financial penalty imposed is based on a system "by quotas", under which the Criminal Judge determines:

- the number of shares, in a number of not less than 100 and not more than 1,000, taking into account the seriousness of the fact, the degree of responsibility of the Body and the activity carried out to eliminate or mitigate the consequences of the crime and to prevent the commission of further Illicit;
- the amount of each share, from a minimum of € 258 to a maximum of € 1,549, determined on the basis of the economic and financial conditions of the Institution.

**Disqualification sanctions:** they can be imposed, pursuant to art. 9, paragraph 2 of the Decree, only in the cases strictly provided for and only for some crimes. These sanctions are particularly afflictive, since they affect the very activity of the Institution.

In particular, disqualification sanctions may consist of:

- a) disqualification from carrying out the activity;
- b) in the suspension or revocation of authorizations, licenses or concessions functional to the commission of the offense;
- c) the prohibition of contracting with the public administration, except to obtain the performance of a public service;
- d) exclusion from benefits, loans, contributions or subsidies and the possible revocation of those already granted;
- e) in the prohibition to advertise goods and services.

In addition to the express regulatory provision, it is also necessary that:

- the Entity has derived a significant profit from the crime and the crime has been committed by subjects in a top position, or, when the commission of the crime has been determined or



facilitated by serious organizational deficiencies, by subjects subject to the direction and supervision of others (art. 13, paragraph 1 letter a);

- there has been repetition of offences (art. 13, paragraph 1, lett. b).

Pursuant to art. 45 of the Decree, the disqualification sanctions may also be applied as a precautionary measure, if:

- there are serious indications to believe the existence of the responsibility of the Body for an administrative offense dependent on crime;
- there are well-founded and specific elements that make it possible to consider the danger that offenses of the same nature as that for which one proceeds are committed.

The type and duration of disqualification sanctions are established by the Judge taking into account the seriousness of the fact, the degree of responsibility of the Body and the activity carried out by the Body to eliminate or mitigate the consequences of the fact and to prevent the commission of further offenses. The Judge, in the cases and under the conditions referred to in art. 15 of the Decree, may provide, instead of the application of the sanction, the continuation of the activity of the Body by a judicial commissioner.

**Confiscation of the price or profit of the crime: the confiscation of the price or profit of the crime**

is always ordered against the institution with the conviction, except for the part that can be returned to the injured party. Rights acquired by bona fide third parties are reserved.

When it is not possible to carry out confiscation on property directly constituting the price or profit of the crime, it may relate to sums of money, property, or other benefits of a value equivalent to the price or profit of the crime.

**Publication of the sentence of conviction:** it is, pursuant to art. 18 of the Decree, a possible sanction and can be ordered in the event that a disqualification sanction is imposed on the Body.

This is a measure capable of having a serious impact on the image of the institution, since the publication of the sentence of conviction takes place in one or more newspapers, as well as by posting in the municipality where the institution has its headquarters.

Outlined, in a nutshell, the elements characterizing the sanctions provided for by the Decree, it should be noted that, in the context of the procedure in which the responsibility of the Body is discussed, both the preventive seizure of things whose confiscation is permitted (Article 53 of the Decree) and the precautionary seizure may also be ordered movable and immovable property of the Entity, or sums or things due to

them, if there is reasonable reason to believe that there are no or no guarantees for the payment of the financial penalty, the costs of the proceedings or other sums due to the State (art. 54 of the Decree).

#### **1.4. Prerequisite for the exclusion of liability of institutions: the adoption of the Model**

The Decree provides for a **particular form of exemption from liability**. The Body, if the crime is committed by subjects "in a top position", does not respond if it demonstrates (art. 6, paragraph 1):

- a) to have adopted and effectively implemented, before the commission of the fact, a **model** of organization and management **suitable** for preventing crimes of the kind that occurred;
- b) to have entrusted to a **body** of the entity endowed with autonomous powers of initiative and control, the task of supervising the functioning and compliance with the model, as well as ensuring its updating;
- c) that the persons have committed the crime by fraudulently circumventing the organisation, management and control model;
- d) that there has been no omission or insufficient supervision by the Body referred to in letter b) above.

In small institutions, the tasks referred to in the previous letter. (b) they can be carried out directly by the governing body (Article 6, paragraph 4 of the Decree). In addition, the possibility has been provided for corporations that the board of statutory auditors, the supervisory board and the management control committee perform the functions of the supervisory body (Article 6, paragraph 4-bis of the Decree).

If, on the other hand, the crime is committed by subjects "in a subordinate position", the Body is responsible if the commission of the crime was made possible by failure to comply with management or supervision obligations (art. 7).

However, non-compliance with management or supervisory obligations is excluded if the Body, before the commission of the crime, has adopted and effectively implemented an organization, management and control model suitable for preventing crimes of the kind that occurred.

The Decree also focuses on the **content** of the **Model**, or on the characteristics that the latter must possess for the purposes of a positive judgment of suitability.

In this regard, in art. 6, paragraph 2 of the Decree, it is provided that the Model must:

- identify the activities in which offences may be committed;
- provide for specific protocols aimed at planning the formation and implementation of the decisions of the Body in relation to the crimes to be prevented;

- identify ways of managing financial resources to prevent the commission of crimes;
- provide for information obligations towards the Body responsible for supervising the functioning and compliance with the Model;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated by the Model.

Further and useful indications regarding the content and implementation of the Model can be found in art. 7, paragraphs 3 and 4 of the Decree, which, although formally referred to crimes committed by subjects in a subordinate position, can also be considered valid with respect to offenses perpetrated by subjects in top positions.

The aforementioned rules, in fact, prescribe, on the one hand, that the Model must provide, in relation to the nature and size of the organization, as well as the type of activity carried out, suitable measures both to guarantee the performance of the activity in compliance with the law, and to promptly discover and eliminate risk situations. On the other hand, that the effective implementation of the Model requires periodic verification and modification of the same if significant violations of the legal requirements are discovered or if there are changes in the organization or activity, moreover, the adoption of a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

To conclude, consider that the Decree does not prescribe a real obligation towards the Bodies to equip themselves with a Model, but places on them a mere burden in this sense.

### **1.5. The Guidelines issued by Confindustria**

Art. 6, paragraph 3 of the Decree provides that the organizational models can be adopted on the basis of the codes of conduct drawn up by the trade associations representing the Entities, communicated to the Ministry of Justice, which the latter, if necessary, can make observations on the suitability of the models to prevent crimes.

Within the trade associations, a significant contribution was offered by Confindustria, which in March 2002 and subsequently in June 2021 issued its own "*Guidelines for the Construction of Organization, Management and Control Models ex D. Legislative decree. 231/2001*", whose last update – dating back to 2014

– has undergone recent changes in June 2021 ( hereinafter, also 'Confindustria Guidelines ' ).

According to the Confindustria Guidelines, in order to prepare an adequate Model it is necessary to carry out a preliminary activity of cd. "*risk assessment*", in order to:

- identify the areas of activity exposed to the risk of committing the crimes referred to in the Decree;
- analyse potential risks;

- proceed with the construction/evaluation/adaptation of an effective and efficient internal preventive control system (hereinafter, also only "SCI").

## **2. The "Great Lengths S.p.A. Società Benefit"**

### **2.1. Description of " Great Lengths S.p.A. Società Benefit "**

"Great Lengths S.p.A. Società Benefit" (hereinafter, also just 'Company' or Great Lengths), formerly "Great Lengths Universal Hair Extensions S.p.A.", is a Company whose object: the production, packaging, sale and maintenance of trichological prostheses, hair strands for extensions, wigs and *toupets* for men and women; the assembly and application of tails, braids, hair extensions, in natural and synthetic hair; lightening and coloring of natural hair on wigs; hair and scalp cosmetics, with related articles and accessory products; the production and manufacture of wigs, prostheses and thickeners total and partial for own account and third parties; maintenance, repair and washing of wigs and treated hair; the production and sale of equipment for lengthening and thickening hair; the design and maintenance of professional training for hair extensions and thickening.

In these areas and in order to achieve the aforementioned corporate purpose, the Company may assume – both directly and indirectly and always within the limits of art. 2361 c.c. – interests and investments in other companies, companies or entities having a similar object, similar or complementary to its own; can perform any related, dependent and useful activity to achieve the corporate purpose, subject to the limitations provided for by law; it can carry out research, consultancy and assistance activities in all sectors related to the corporate purpose, as well as any other activity that allows a better use and enhancement of the structures, resources and skills used.

The Company's mission has always been identified in the desire to offer customers a high quality service deriving from the production of hair products.

In particular, the Company, since the early stages of its history, has always been aware of the need to combine the quality of products with the ethics of production processes (environmental protection and protection of the workforce), also taking into great consideration the correctness in the method of procurement of materials and equipment.

In order to ensure compliance with the principles of fairness, professionalism and integrity, the Company has embarked on a virtuous path with a view to greater sharing of the corporate culture based on compliance with the principles of conduct and control, with particular attention to the prevention and management of crime risk, also in order to seek the optimization of business processes.

This Organization and Management Model, therefore, is part of a broader system, which focuses on the pursuit of principles of reliability, correctness and transparency in the performance of its activities. In addition, the implementation of the aforementioned programs, which will always be subject to monitoring, deepening and updating, will be disseminated among the Company's employees, through special training meetings aimed at promoting awareness of the fundamental aspects inherent in the D. Legislative Decree no. 231/2001.

Among the general principles of conduct that inspire the Company in the management of its *business* are professional integrity, honesty, respect for commitments with a view to preserving the credibility and trust of shareholders, investors, customers, suppliers and the people who work there.

With reference to the control principles that, transversally, affect the Company there are:

- a sufficiently formalized organizational system with specific reference to the attribution of functions, responsibilities and hierarchical dependency lines;
- a separation, independence and integration between company functions: the various phases of the same process (execution, operational control, accounting, supervision, authorization, etc.) they cannot be left to the autonomous management of a single person;
- authorization and signature powers formalized and consistent with the functions and corporate responsibilities covered by the top management;
- verifiability, documentability and adequacy of each business process, in particular of the most significant transactions and operations;
- verifiability, documentability of control activities;
- continuous communication to the bodies responsible for monitoring processes and to the Supervisory Body of information concerning "at risk" transactions and timely information to the same Body of anomalies or violations of the Organizational Model;
- monitoring by the Supervisory Body on the implementation of the Organizational Model.

## **2.2. The Organizational System**

Great Lengths S.p.A. is incorporated under Italian law with registered office in Rome, Piazza Pasquali n. 3 – cap 00186 - C.f. and VAT 06434421001. The Company has the legal form of a joint-stock company and has a system of administration identified in the Board of Directors, which has all the widest powers for the ordinary and extraordinary management of the Company, with the exception of what is required by law or by the Articles of Association delegated to the Shareholders' Meeting.

The following are Organs of the Company:

- the Shareholders' Meeting;
- the Board of Directors;
- the Board of Statutory Auditors.

The share capital is € 2,000,000.00 (two million/00) and is divided into shares.

The duration of the Company is set until December 31, 2050.

The Company has also adopted an organization chart indicating the company divisions and the resources responsible for them, together with job *descriptions* illustrating the tasks and responsibilities assigned to the various company functions.

### **2.3. Procedures**

The Company adopts Business Procedures drawn up in compliance with the following principles:

- documentability and verifiability of each procedure in its various phases;
- submission of each operator involved in the process to the control, even indirectly, of other subjects;
- taking measures to ensure that any transaction, transaction or action is verifiable, documented, consistent and appropriate;
- adoption of measures to document the controls carried out in relation to the operations and/or actions carried out.

### **2.4. The reasons for adopting the Organisation, Management and Control Model**

Following the premises outlined above, the Company's Board of Directors has promoted the adoption and periodic updating of its own Organization, Management and Control Model pursuant to the Decree , with the aim, on the one hand, of acquiring a valid awareness-raising tool for all those who operate on behalf of the Company, so that they behave, as part of the activities carried out on behalf of the latter, in compliance with current legislation and internal *policy*; on the other hand, to prevent the risk of criminally relevant conduct recalled by the Decree.

## **3. The Organization, Management and Control Model of "Great Lengths S.p.A. Società Benefit"**

### **3.1. The preparatory activity for the adoption of the Model**

The adoption of the Model was preceded, in accordance with the provisions of the Confindustria

Guidelines, by a preliminary *self-risk assessment* aimed at ensuring the adequacy of the Company's Internal Control System.

To this end, a working group was set up consisting of internal resources, supported by external professionals, which oversaw the implementation of the activities leading to the design and periodic updating of an effective and suitable Model.

To this end, the following activities have been carried out:

1. "**risk mapping**": this is the identification of the areas that, due to the nature and characteristics of the activities carried out, are affected by the potential fulfillment of some of the crimes referred to in the Decree. As part of this phase, the relevant documentation (e.g. Articles of Association, powers of attorney, contracts with suppliers, etc .) was collected and examined; subsequently, specific interviews were planned and carried out with the subjects operating in the key roles on behalf of the Company. During the interviews, the Company's processes and areas of activity were analyzed, together with the related existing controls. At the end of the *risk mapping* phase, the so-called "**areas at risk of crime**" were identified, i.e. the processes and areas of the Company in which the danger, even indirect, of committing the crimes referred to in the Decree was considered abstractly to exist;
2. "**risk analysis**": this phase was aimed at identifying some of the possible methods of committing crimes in the various risk areas ;
3. evaluation of the internal control system : finally, on the basis of the documentation examined, as well as the data and information acquired during the interviews, the Company's internal control system was recorded and evaluated, with respect to which both the existing control measures and the possible points of improvement have been identified, together with the related corrective actions to be implemented (so-called "**gap analysis**").

### **3.2. The adoption of the Model by "Great Lengths S.p.A. Società Benefit"**

Completed the *self-risk assessment* phase, conducted according to the methods indicated above and aimed at building an adequate and efficient system of internal controls, the Board of Directors of the Company has adopted the Model.

This Model also refers to the control protocols in force within the Company and is intended, on the one hand, to guarantee the performance of activities in compliance with the law, on the other, to identify and promptly eliminate the risk factors that may arise.

### **3.3. The structure of the Model.**

The Company Model represents, firstly, a "structured" system, since the elements that compose it are

organized according to a precise order, responding to the purposes indicated above; secondly, it represents a "dynamic" system, as it is continuously monitored and, if appropriate, integrated in order to guarantee its constant adherence with respect to the concrete company reality and its actual needs.

In particular, as specific protocols (hereinafter, also just 'Protocols') aimed at implementing corporate decisions also in relation to the crimes to be prevented, the Company has identified:

- a) the organizational system, illustrated in the company organization chart and job descriptions, within which the roles, tasks and responsibilities of the different functions operating within the Company are clearly defined;
- b) company procedures aimed at regulating the correct and efficient performance of the activities carried out;
- c) the Code of Ethics, an integral part of the Model, which clearly defines the set of principles of business ethics to which the Company recognizes primary value in all activities carried out in its name and/or on its behalf;
- d) the control system on health and safety at work, which relates both to operational management and to the monitoring of issues related to this sector;
- e) communication, involvement, education and training of employees.

The Model consists of this General Part and several Special Parts divided into homogeneous categories of predicate offense considered relevant for the purposes of the company's activity.

More specifically, in the individual Special Parts we provide:

- to describe the relevant criminal offences;
- to indicate the cd. "areas at risk of crime";
- to indicate the control measures in force within the Company;
- to illustrate the principles and rules of conduct that the Recipients must respect.

### **3.4. The principles of control**

In drafting this Model, the following control principles have been taken into account:

- Every operation, transaction, action must be verifiable, documented, consistent and congruous: for each operation an adequate documentary support must be guaranteed that allows, at all times, to verify the characteristics and motivations of the operation and to identify the person who authorized, carried out, registered and verified the operation itself;
- No one can independently manage an entire process: the system must guarantee the separation of functions and, therefore, the distinction between those who authorize an operation, those who account for it, those who perform it operationally or control the operation itself.



It is also necessary to:

- avoid attributing unlimited powers;
- ensure that powers and responsibilities are clearly defined and known within the organisation;
- ensure that the authorising and signature powers are consistent with the organisational responsibilities assigned and appropriately documented in such a way as to ensure, if necessary, an easy *ex post* reconstruction;
- Controls must be documented: it is necessary to provide a *reporting* system suitable for documenting the execution and results of controls, including supervision.

### **3.5. The recipients of the Model**

The principles and provisions of the Company Model are addressed to all persons operating in the name and/or on behalf of the Company (hereinafter collectively referred to as 'Recipients'), including, by way of example:

- the administrative body;
- the Board of Statutory Auditors ;
- employees and collaborators;
- subjects external to the Company who operate in the name and/or on its behalf (e.g. representatives, consultants, external professionals, etc.), to be considered as subjects subject pursuant to art. 5, co. 1, lett. b) of the Decree.

The Recipients are required to comply with the principles and provisions of the Model. Any lack of knowledge of the Model cannot, in any case, be invoked to justify the violation of the relative provisions.

### **3.6. Internal Managers**

The Administrative Body appoints one or more "Internal Managers", who are assigned the task of monitoring the correct and regular performance of company activities within the area or function for which it is responsible.

The Internal Managers are an important safeguard to prevent the risk of committing crimes in the areas at risk and are direct contact persons of the Supervisory Body for all information and control activities.

In particular, they:

- supervise, in the area or function for which they are referents, the regular performance of activities and their compliance with the requirements contained in the Model and the related protocols, as well as in compliance with the Code of Ethics and company procedures;
- are responsible for managing relations with the Public Administration within the area or function of competence;
- indicate to the Supervisory Body any changes and additions to the procedures deemed necessary or appropriate in order to improve the adequacy of the Model;
- propose organizational and management solutions to the Human Resources department to reduce the risks related to the activities covered;
- inform employees and subjects about the risks of crime related to the business operations carried out;
- report to the Supervisory Body any anomalies, criticalities, infringements or violations of the Model found in the area or function for which they are responsible.

Each Internal Manager who becomes aware of one of the aforementioned risk situations is obliged to promptly inform the Supervisory Body using the "Evidence Card" form (see Annex 1) and indicate:

- the anomaly, criticality, infringement or violation found;
- the internal subjects involved;
- the external parties involved;
- the date on which the event occurred.

Regardless of the occurrence of a critical situation, each Internal Manager must send the Form to the Supervisory Body at least every six months.

The Evidence Form must be sent to the Supervisory Body exclusively by e-mail to the odv@greatlengths.com address.

Upon receipt of the Evidence Card, the Supervisory Body will take the initiatives deemed appropriate to ascertain any anomaly, criticality, infringement or violation of the Model.

### **3.7. Communication and training on the Model**

The Company undertakes to guarantee timely knowledge of the Model and its annexes, as well as any updates, among all Recipients, with the aim of ensuring effective information and, therefore, compliance by the interested parties.

The Model is communicated to all Recipients within the Company by delivery or sending of a full copy, in paper form or on computer support or electronically.

For Third Party Recipients, the Model is made available in electronic format, through publication on the company's website. Furthermore, in the relevant negotiation agreements that the Company will stipulate, a specific clause will be inserted with which the contractor acknowledges knowing the Model adopted by the Company and to undertake to comply with it, under penalty of termination of the contract itself.

The Administrative Body approves suitable information plans aimed at ensuring the timely dissemination of the Model to the Recipients .

The Company also promotes the necessary and adequate training of recipients on the Model and its annexes, as well as, more generally, on the issues referred to in Legislative Decree. No 231/2001.

Knowledge of procedures, rules of conduct and control systems plays a role of primary importance for the effectiveness and effectiveness of the Model.

This objective will be pursued through communication and training:

- diversified according to the Recipients to whom it is addressed, taking into account the specific positions, tasks and roles covered, in order to ensure specific training and awareness on issues relating to the liability of the entity for crime;
- based on the principles of completeness, clarity, accessibility and continuity in order to promote full compliance with company provisions and ethical standards that must be the source of inspiration for the behavior of the interested parties.

The training activities take the form of special *training* sessions (such as, for example, courses, seminars, administration of questionnaires) to which participation is mandatory .

## **4. The Code of Ethics**

### **4.1. The aims of the Code of Ethics**

The issuance of the Code of Ethics responds to the need to formalize clearly and make known the ethical principles, to which the Company recognizes fundamental value in the context of its activity. In this perspective, the Code of Ethics is the main point of reference both for subjects operating on behalf of the Company, who must guide their conduct in the light of the principles and provisions contained therein, and for all other subjects who relate to the Company.

## **4.2. Structure and recipients of the Code of Ethics**

The introductory part indicates the purposes of the Code of Ethics and its recipients: the members of the Board of Directors, employees, subjects external to the Company who operate in the name and/or on behalf of the latter (the subjects belonging to the latter category are collectively referred to as "Third Party Recipients").

With particular regard to Third Party Recipients, it is envisaged that the Company will not establish or will not continue any relationship of a negotiating nature in the absence of the express commitment of the Third Recipient to comply with the rules of the Code of Ethics or in any case to adopt a code of ethics compliant with it.

The following document lists the fundamental ethical principles, i.e. the values to which the Company recognizes essential importance for the pursuit of its *mission* and the rules of conduct that the recipients must comply with in the context of the activities carried out in the name and / or on behalf of the Company.

## **4.3. Fundamental ethical principles and rules of conduct**

The Company attaches great importance to the need to guarantee constant and daily compliance with its ethical values and the reference rules of conduct, the observance of which is considered essential.

The ethical principles and rules of conduct set out in the Code of Ethics concern, among others, the following profiles:

- honesty, impartiality and compliance with the rules;
- repudiation of all forms of terrorism;
- responsibility in business;
- prevention of corruption;
- non-discrimination;
- integrity and business interest ;
- health and safety and value of human resources;
- fairness in relations with staff;
- conflicts of interest;
- *corporate governance*;
- corporate assets and interests of third parties;
- relations with shareholders and holders of financial instruments;
- transparency, completeness and confidentiality of information;
- transparency of financial statements and accounting;
- implementation of the system;
- suppliers and subcontractors, partners and external collaborators;

- public administration;
- gifts and benefits.

## **5. The Supervisory Body .**

### **5.1. Composition and requirements**

Legislative Decree no. 231/2001 provides, for the purposes of exemption from the liability of the entity, that the supervision of the functioning and observance of the models is entrusted to a body with autonomous powers of initiative and control (Article 6, paragraph 1, lett. b).

The members of the Supervisory Body must comply with the following requirements :

- autonomy and independence, guaranteed by the absence of operational tasks which, by making the SB participate in decisions and activities, would undermine its objectivity of judgment during the checks carried out. The Body reports directly and solely to the Administrative Body, not being subject to the hierarchical or disciplinary power of any body or function of the Company, determines its activity and adopts its decisions without any of the other functions being able to review them;
- professionalism, ensured by a complex of knowledge and skills of inspection and consultancy in the field of risk analysis and containment , ability to elaborate and evaluate questionnaires as well as skills in the legal field;
- good repute, guaranteed through the appointment of persons without a criminal record or who have not been declared bankrupt;
- continuity of action, guaranteed by the fact that there is a structure dedicated exclusively to the supervision of the adequacy and effectiveness of the Model.

The Company's administrative body has therefore appointed a special Supervisory Body, taking into account the provisions contained in the Decree and those found in the Confindustria Guidelines. In particular, a **single-member Supervisory Body** has been appointed, entrusting the task to an external subject with proven expertise in legal and *auditing* matters.

### **5.2. Duration of appointment, grounds for termination, ineligibility and forfeiture**

The appointment of the SB has a duration of at least 3 (three) years.

The assignment of the SB may cease upon the occurrence of one of the following causes:

- expiry of the term provided for at the time of appointment;
- waiver formalized by written communication sent to the Administrative Body;

- forfeiture of office or death;
- revocation by the Administrative Body .

In the event of termination of office, the Administrative Body shall appoint a new SB without delay.

He cannot be appointed a member of the Supervisory Body, and if appointed loses his office, the person who:

- has been subjected to preventive measures ordered by the judicial authority, without prejudice to the effects of rehabilitation;
- is subject to a criminal conviction, even if it has not become final, for any of the crimes referred to in the Decree;
- is linked by kinship, marital or affinity within the fourth degree with the Administrative Body.

### **5.3. The tasks and powers of the Supervisory Body**

In accordance with the provisions of art. 6, co. 1 Q. Legislative decree. No. 231/2001, the SB is entrusted with the task of supervising the functioning and observance of the Model and taking care of its updating.

In general, therefore, the SB has the following tasks:

- a) supervise the efficiency, effectiveness and adequacy of the Model, understood as its suitability to prevent the commission of illegal conduct or to highlight its possible realization;
- b) verify compliance with the provisions of the Model and detect any behavioural deviations, carrying out investigation activities (planned and "surprise") and reporting any violations ascertained;
- c) formulate proposals for modification, integration and/or updating of the Model to be submitted to the Administrative Body, also in consideration of any regulatory interventions and/or changes in the organizational structure or activity of the Company and/or in the event of significant violations of the Model;
- d) promote and monitor initiatives aimed at promoting the dissemination of the Model to all subjects required to comply with the relevant provisions.

In carrying out the tasks assigned to it, the SB is also required:

- to document punctually, also through the compilation and maintenance of a special register, the activities carried out, the initiatives and measures adopted, as well as the information and reports received, also in order to guarantee the complete traceability of the interventions undertaken and of the indications provided to the company departments concerned;
- to record and keep all the documentation formed, received or otherwise collected during their assignment and relevant for the correct performance of the assignment.

For the performance of the tasks assigned to it, the SB is granted all the powers necessary to ensure timely and efficient supervision of the functioning and compliance with the Model.

The SB, also through the resources at its disposal, has the right, by way of example:

- to carry out, even unexpectedly, all the checks and inspections deemed appropriate for the proper performance of its tasks;
- free access to all functions, archives and documents of the Company, without any prior consent or need for authorization, in order to obtain any information, data or document deemed necessary;
- to arrange, where necessary, the hearing of resources that can provide useful information or information regarding the performance of the company's activity or any malfunctions or violations of the Model;
- to avail itself, under its direct supervision and responsibility, of the assistance of all the Company's structures or external consultants;
- to dispose, for every need necessary for the proper performance of its tasks, the financial resources allocated by the Administrative Body.

#### **5.4. The resources of the Supervisory Body**

For the purposes of the effective and correct performance of the tasks assigned, the SB has the budget allocated by the Administrative Body .

In addition to financial resources , the Board of Directors may assign to the SB the human resources necessary for the performance of its duties. These resources can be allocated to the SB and report functionally to the latter with regard to the activities carried out on its behalf.

If it is necessary for the performance of the assignment, the SB may at any time request the Board of Directors, by means of a reasoned written communication, to allocate additional financial and/or human resources.

## 5.5. Information flows

### 5.5.1. Information flows to the Supervisory Body

All Recipients of the Company Model are required to provide maximum collaboration to the SB, promptly transmitting the requested information and documents and providing any further assistance. In fact, the information obligations imposed on the controlled subjects are of particular importance. Pursuant to art. 6, co. 2, lett. (d) of the Decree, the Model must provide for information obligations "*towards the body responsible for supervising the functioning and observance of the models*". The Supervisory Body therefore becomes the recipient of information flows. The obligation to provide information is incumbent on all recipients of the Model (in particular: directors, employees and persons involved in company functions at risk of crime), who are required to immediately notify the SB of any circumstance likely to constitute a violation of the Model and/or the protocols that constitute it, including the Code of Ethics.

The SB must be the recipient of useful information to periodically monitor compliance with the Model. This information will be formalized in specific flows referring to the individual company functions, with particular relevance to the information, news and data listed below, for which the internal function responsible is also indicated :

Subject of the communication	Responsible	Periodicity
1) Violations of the Model	All Recipients	No delay
2) Violations of company procedures	All Recipients	No delay
3) Ongoing disciplinary proceedings and their conclusive measures	HR Manager	No delay
4) Measures and / or news from judicial police bodies or from	All Recipients	No delay



any other authority which reveals the conduct of investigations that concern, even indirectly, the Company or the Recipients		
5) Promises, requests or offers of money, gifts or other undue benefits from or intended for public officials or public service agents , including Company resources	All Recipients	No delay
6) News related to organizational changes	HR Manager	No delay
7) Updates of the system of powers and delegations, as well as procedures internal in force	Administrative Manager	No delay
8) The results of the checks and inspections conducted by the PA	All Functions	No delay
9) The annual financial statements approved by the shareholders' meeting	Board.	Annual
10) Accidents that have occurred	RSPP	Without delay
11) The minutes of periodic meetings pursuant to art. 35 D.Lgs. 81/2008	RSPP	Annual
12 ) Evidence Sheets	Internal managers	Semiannual

The Recipients may send information, data, documents and reports, also anonymously with regard to possible violations of the Model, in the following way:

- in writing by e-mail to the [odv@greatlengths.com](mailto:odv@greatlengths.com) address , reserved for the Supervisory Body .

The SB, having received a report concerning the possible violation of the Model, where deemed useful, plans the inspection activity to be carried out also with the help of internal resources or, where appropriate, resorting to the contribution of external professionals if the inspections require specific and particular skills, or if it is You need to cope with particular workloads.

#### **5.5.2. Reports of violations of the Model in the light of the legislation on "whistleblowing"**

With the approval of the draft law no. 3365-B ("*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*"), which took place on 18 October 2017, the applicability of the discipline relating to the system of protection of public employees who report offenses of which he has come to knowledge by reason of one's employment relationship, through the insertion, in art. 6 of Legislative Decree no. 231/2001, paragraphs 2 *bis*, *ter* and *c*.

By virtue of the new legislation, the following are reported:

- a) unlawful conduct relevant pursuant to the Decree and based on precise and consistent facts;
- b) violations of the Organisation and Management Model of the entity, of which the Recipients have become aware by reason of the functions performed.

The subjects required to transmit the aforementioned reports, pursuant to art. 6, paragraph 2-bis, lett. (a) are:

- "*the persons indicated in Article 5, paragraph 1, letter a)*" of the Decree, that is, those who hold functions of representation, administration or direction of the entity or of one of its organizational units with financial and functional autonomy, or who exercise, even de facto, the management and control of the same;
- "*the persons indicated in Article 5, paragraph 1, letter b)*" of the Decree, ie those who are subject to the direction or supervision of one of the aforementioned subjects.

Reports may concern any company area relevant for the application of the Decree and the Model in force and must contain:

- elements useful for the reconstruction of the reported fact, with the attachment, where possible, of relative supporting documentation;
- information that allows, where possible, the identification of the person responsible for the reported event;
- an indication of the circumstances in which the reported event became apparent.

The Decree also prescribes the definition of one or more channels that guarantee "the *confidentiality of the identity of the whistleblower in the management of the report*" (art. 6, paragraph 2-bis, letter a), as well as "*at least one alternative reporting channel suitable to guarantee, by electronic means, the confidentiality of the identity of the whistleblower*" (art. 6, paragraph 2-bis, lett. b).

To this end, the reports are sent in writing to the SB through an e-mail address specially created outside the company domain (the Company, in fact, in addition to the *e-mail* of the Body, where the information flows and information relating to the "231 system" converge, establishes a channel dedicated to the reports referred to in this paragraph).

The SB, the recipient and sole holder of the reports received, ensures the confidentiality of the information acquired and the identity of the whistleblower, which can be disclosed only in cases where requested by the Judicial Authority in the context of investigations undertaken in relation to the fact subject of the report.

Pursuant to Legislative Decree no. 231/2001, the SB assesses the relevance of the reports received, carrying out any activity deemed necessary for this purpose, making use, if necessary, of the collaboration of the competent company structures; if it detects violations of the Model or significant profiles in view of 231, the SB will notify the Administrative Body.

The results of the evaluations will also be communicated to the whistleblower, where required.

The Body keeps for a minimum period of 10 years a paper and/or computer copy of the reports received.

The Company guarantees the protection of any reporting subject against any form of retaliation, discrimination or penalization, in accordance with the provisions of art. 6, paragraph 2-bis, lett. (c) of the Decree.

The Company therefore refrains from engaging in "*direct or indirect acts of retaliation or discrimination against the whistleblower*" (such as, by way of example, dismissal, change of duties,

transfer, the submission of the whistleblower to organizational measures having negative effects on working conditions) *"for reasons related, directly or indirectly, to the report"*.

### **5.5.3. Information flows from the SB to the management and control bodies**

In accordance with the provisions of the Confindustria Guidelines, the Body sends the Board of Directors, at least every six months, a written report containing:

- a summary of the verification activities carried out, indicating the relative results and any critical issues found;
- violations of the Model found;
- the points of improvement of the Model;
- the corrective actions to be taken to ensure the adequacy and effectiveness of the Model;
- any additional information or data deemed relevant for the overall assessment of the adequacy and effectiveness of the Model.

Without prejudice to the obligation to transmit the half-yearly report indicated above, the SB has the right to contact the Board of Directors whenever it deems it appropriate for the effective and efficient fulfillment of the tasks assigned to it.

### **5.6. The Regulation of the Supervisory Body**

The Supervisory Body prepares and approves its own internal regulations, within which the rules related to the functioning and operation of the Body are defined, and in particular:

- the modalities for carrying out supervisory activities ;
- activities related to updating the Model;
- the management of activities related to the verification of possible violations of the Model;
- the scheduling of SB activities;
- the formalization of the decisions of the SB.

### **5.7. The ethical and behavioral principles of reference for the Supervisory Body**

The SB is required to comply with the Model and the Protocols that are part of it, including the Code of Ethics. During its mandate, the SB has the obligation:

- to ensure the achievement of the tasks assigned with honesty, objectivity and accuracy;
- to highlight to the Board of Directors any causes that make it impossible or difficult to carry out the activities within its competence;

- to ensure, in the management of information acquired in the performance of its activities, the utmost confidentiality;
- to faithfully report the results of their activity, accurately showing any fact, data or document that, if not manifested, causes a distorted representation of reality.

## **6. The disciplinary system**

### **6.1. The aims of the disciplinary system**

Pursuant to Article 6, paragraph 2, letter e) of the Decree, the Model must "*introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model*".

Similarly, art. 7, paragraph 4, lett. b) which regulates the liability of the entity in the event of a crime committed by a subordinate person, provides that - for the purposes of exemption from liability - a Model to be said to be effectively implemented must be equipped with a disciplinary system suitable for sanctioning failure to comply with the measures indicated therein.

In accordance with the provisions of the aforementioned rules, the Company adopts a Disciplinary System aimed at sanctioning any violations of the Model and the Protocols connected to it.

In compliance with the provisions of the Confindustria Guidelines, it is envisaged that the establishment of disciplinary proceedings and the application of the related sanctions are independent of the establishment and outcome of any criminal proceedings concerning the same conduct relevant to the Disciplinary System.

The provisions contained in the Disciplinary System do not preclude the faculty of the recipients to exercise all the rights, including those of contestation or opposition against the disciplinary measure or of the establishment of an Arbitration Committee, recognized by law or regulation, as well as by the collective bargaining or any applicable internal regulations.

The Disciplinary System operates, in fact, in compliance with current regulations, including, where applicable, those provided for in collective bargaining, and has an eminently internal nature of the company, not being able to be considered a substitute, but additional to the laws or regulations in force, as well as supplementary other rules of an intra-company nature, including those of a disciplinary nature.

## **6.2. Content and recipients**

The Disciplinary System identifies infringements of the principles, conduct and specific control elements contained in the Model, which are associated with the sanctions provided for employees in accordance with the provisions of the Workers' Statute and the National Collective Labour Agreements (CCNL) applicable to the Company's personnel.

The disciplinary sanctions for employees will take into account when applying the principle of proportionality provided for by art. 2106 c.c., considering for each case the objective gravity of the fact constituting a disciplinary infraction, the degree of guilt, the possible repetition of the same behavior, as well as the intentionality of the behavior itself.

The imposition of disciplinary sanctions, in the face of any violations of the Model by the Company's employees, is independent of the possible establishment and outcome of a criminal judgment for the commission of one of the crimes provided for by Legislative Decree no. 231/2001.

The provisions of the disciplinary system shall apply to the following **addressees**:

- **employees of the Company at any level operating**: in this regard, the position of all employees linked to the Company by an employment relationship is relevant, regardless of its duration, the contract applied, the recognized company qualification and/or classification; this category also includes employees to whom specific functions and tasks in the field of health and safety at work are assigned, or who otherwise perform;
- **subjects who hold a "top-level" position within the Company's organization**: pursuant to art. 5, paragraph 1, lett. a) of Legislative Decree no. 231/2001, this category includes persons "who hold functions of representation, administration or management of the Body or of one of its organizational units with financial and functional autonomy", as well as subjects who "also exercise de facto management or control" of the Entity. These subjects may be linked to the Company either by an employment relationship or by other relationships of a private nature (e.g. mandate, agency, etc.). In addition to the aforementioned subjects, the members of the Board of Statutory Auditors and the members of the Supervisory Body are treated as equivalent to top management only for the purposes of the disciplinary system, in consideration of the activity carried out for the Company;

- **self-employed workers, parasubordinate workers, suppliers and partners of the Company: these are all subjects who, in the absence of a relationship of dependence with the Company,** are in any case required to comply with the Model as they operate on behalf of the Company by virtue of contractual relationships.

This category includes the following subjects:

- all those who have an employment relationship of a non-subordinate nature for the Company, including, by way of example and not exhaustively, the following include : the free professionals, consultants, the Employer, the Head of the Prevention and Protection Service (RSPP), the competent doctor, the persons in charge - if not employees of the Company - and all other parasubordinate workers who work for the Company in any capacity;
- attorneys, agents and all those acting in the name and/or on behalf of the Company;
- suppliers and partners.

### **6.3. Sanctioning criteria**

Disciplinary offences are defined as the conduct of the **recipients** of the Model in violation of the rules, principles and general standards of management and control.

This Disciplinary System includes the prescriptions, prohibitions and obligations of the Occupational Safety Management System.

The type and extent of the sanctions applicable to individual cases of disciplinary offence are graded according to the seriousness of the violations ascertained, taking into account the following general criteria in force in the Company and enshrined in the CCNL:

- conduct of the employee: willful misconduct or negligence (negligence, recklessness, inexperience);
- duties and grade of the employee;
- materiality of the obligations violated;
- potential for damage to the Company, also in relation to the possible application of the sanctions provided for by D. Legislative decree. n. 231/2001 and subsequent amendments and additions;
- presence of aggravating or mitigating circumstances: in particular in the event of the existence or absence of previous disciplinary actions, to the extent permitted by law.

There is also specific evidence of violations, also graduated according to an increasing order of severity, in the field of health and safety at work:

- failure to comply with the Model, if the violation determines a situation of concrete danger to

the physical integrity of one or more people, including the author of the violation;

- failure to comply with the Model, if the violation results in an injury to the physical integrity of one or more persons, including the violator ;
- failure to comply with the Model, if the violation causes an injury, which can be qualified as "serious" pursuant to art. 583, paragraph 1, c.p.<sup>3</sup>, the physical integrity of one or more persons, including the infringer;
- failure to comply with the Model, if the violation causes an injury, which can be qualified as "very serious" pursuant to art. 583, paragraph 2, c.p.<sup>4</sup>, to the physical integrity or death of one or more people, including the author of the violation.

With particular reference to the principles, rules, obligations and requirements provided for by the Model adopted by the Company in compliance with Legislative Decree no. 231/2001, the seriousness of the conduct will also be assessed in relation to the possible "external relevance" of the violation committed (if, for example, a possible sanctioning repercussion may arise against the Company by part of the Public Administration).

#### **6.4. Sanctioned conduct**

The sanctions apply to employees who engage – merely by way of explanation and not exhaustive – disciplinary offenses deriving from failure to comply with the measures aimed at ensuring the performance of the activity and promptly discovering and eliminating risk situations pursuant to Legislative Decree no. 231/2001, and in particular:

- failure, false, or incomplete compliance with the rules provided for by the Model, with reference to the methods of documentation, conservation and control of the documents, thus preventing them from being transparent, truthful and easily verifiable;
- violation and/or circumvention of control systems, by subtracting, destroying or altering the relevant documentation;
- prevented control or access to information and documentation with regard to the persons in charge, including the Supervisory Body ;
- failure to comply with the provisions contained in the Code of Ethics, with particular reference to the guidelines, norms and general standards of conduct;

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<sup>3</sup> Pursuant to Article 583 of the Criminal Code, the **personal injury is serious**, and imprisonment from three to seven years applies: 1) if the fact results in an illness that endangers the life of the injured person, or an illness or an ability to attend to ordinary occupations for a time exceeding forty days; 2) if the fact produces the permanent weakening of a sense or an organ.

<sup>4</sup> Pursuant to Article 583 of the Criminal Code, **personal injury is very serious**, and imprisonment from six to twelve years applies, if the fact derives: 1) a disease that is certainly or probably irremediable; 2) the loss of meaning; 3) the loss of a limb, or a mutilation that makes the limb useless, or the loss of the use of an organ or the ability to procreate, or a permanent and serious difficulty of the favelella; 4) the deformation, or the permanent scarring of the face.



- failure to comply with the obligation to send periodic information flows to the Supervisory Body;
- failure to comply with the provisions relating to the powers of signature, the methods of matching signatures and the provisions of the delegation system, with particular regard to the risks associated with crimes against the Public Administration;
- failure to comply with the obligation inherent in the formation and delivery of declarations, even periodic, or falsity in the declarations required by the Model;
- failure to report situations of conflict of interest;
- lack of controls and information relating to the budget and other corporate communications;
- failure to monitor the conduct of personnel operating within their sphere of responsibility in order to verify their actions and, in any case, the performance of activities instrumental to the operational processes envisaged by the model;
- the violation, in the management of "reports", of the measures prepared to protect the reporting subject;
- the making, with willful misconduct or gross negligence, of unfounded reports, where responsibility profiles related to the falsity of the report are ascertained by the proceeding Authority .

### **6.5. Sanctions against employees**

Infringements committed by employees who do not have managerial qualification, without prejudice to the prior dispute and the procedures provided for by art. 7 of Law no. 300/1970, may be punished, depending on the severity, with the following disciplinary measures:

- a) verbal reprimand ;
- b) written reprimand ;
- c) fine not exceeding the amount of three hours of pay;
- d) suspension from work and pay for up to 3 working days;
- e) dismissal with notice;
- f) dismissal without notice.

For employees with managerial qualification, the sanctions provided for by the applicable CCNL will apply .

#### **A. Verbal reprimand**

The sanction of verbal reprimand will be applied in cases of culpable violation of the principles of the Code of Ethics and procedural rules provided for by the Model.

#### **B. Written reprimand**

The sanction of written reprimand will be applied in cases of:

- recidivism in the infringements referred to in point A;
- culpable non-compliance with management and control standards provided for by the Code of Ethics and the Model, including the violation of any declaratory and informative obligations towards the administrative body, the Employer, the Board of Statutory Auditors, the Supervisory Body, the Head of the Prevention and Protection Service, the certifying bodies and other subjects provided for by the rules, due to proven fault of the worker.

Non-compliance is culpable in cases where the conduct is not characterized by intent or has not generated potential risks of sanctions or damages for the Company.

#### **C. Fine**

In addition to cases of recidivism in the commission of infringements from which the application of the written reprimand may derive, the fine may be applied in cases where, due to the level of hierarchical or technical responsibility, culpable behavior may undermine, albeit potentially, the effectiveness of the Model; by way of example but not limited to :

- failure to comply with requests for information or to show documents by the SB;
- failure to report to the competent bodies of culpable non-compliance committed by their subordinates in relation to information obligations and or to show documents to the SB;
- the failure to monitor the conduct of personnel operating within their sphere of responsibility in order to verify their actions and the performance of activities instrumental to the operational processes envisaged by the Model.

#### **D. Suspension from work and pay**

The sanction of suspension from work and remuneration of up to three days will be applied, as well as in cases of recidivism in the commission of infringements referred to in point C above, in cases of violations of such gravity as to expose the Company to liability towards the PA and / or private subjects.

By way of example, but not limited to, the sanction of suspension from work and pay is applied in the event of:

- serious non-compliance with the provisions contained in the Code of Ethics with reference to relations with the Public Administration and the health and safety sector at work;
- serious non-compliance with the provisions relating to the powers of signature and the provisions of the system of proxies, in particular with regard to all documents drawn up with the Public Administration and / or sent to it;
- serious non-compliance or falsehood committed in the context of declaratory and/or informative obligations required by the Model towards the Administrative Body, the Employer, the Board of Statutory Auditors, the Body of Supervision, of the Head of Prevention and Protection Service, of the certifying bodies and of other bodies;
- failure to seriously report situations of conflict of interest, with regard to relations with the Public Administration or with suppliers, partners and competitors;
- omitted controls or incorrect / omitted information relating to the financial statements and other corporate communications of such gravity as to undermine the veracity of the data / information contained therein.

#### **E. Dismissal with notice**

The sanction of dismissal with notice will be applied in cases of repeated serious violation of the conduct indicated below, including the violation of any obligations of declaration and / or information to the management, control and supervisory bodies (Administrative body, Employer, Board of Statutory Auditors, Supervisory Body, Head of the Prevention and Protection Service, Certification Bodies):

- repeated and serious non-compliance with the prohibitions and obligations provided for by the Code of Ethics, when it results in conduct constituting one of the crimes indicated by Legislative Decree no. 231/2001 and attributable to ascertained and serious imprudence, negligence and / or inexperience of the worker;
- repeated and serious non-compliance with the provisions relating to the powers of signature and the provisions of the delegation system, when such non-compliance constitutes one of the unlawful conduct of the crimes indicated by Legislative Decree no. 231/2001 and attributable to ascertained and serious imprudence, negligence and / or inexperience of the worker;
- repeated and serious falsehood committed in the context of the declaratory and/or informative obligations required by the Model towards the Administrative Body, the Employer, the Board of Statutory Auditors, the Supervisory Body, the Head of Health and Safety at Work, the Certification Bodies and other bodies, where this is suitable for setting up one of the

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<sup>5</sup> A violation is serious when it even potentially exposes the company to liability towards the PA and/or third parties.

unlawful conduct of the crimes indicated by Legislative Decree no. 231/2001 and attributable to ascertained and serious imprudence, negligence and / or inexperience of the worker;

- failure to report repeated and serious situations of conflict of interest, when this is suitable to configure one of the illegal conduct of the crimes indicated by Legislative Decree. 231/2001 and attributable to ascertained and serious imprudence, negligence and / or inexperience of the worker;
- repeated and serious voluntary omissions of information relating to the budget and other corporate communications that may integrate the risk of the commission of the crimes provided for by art. 25 *ter* of D. Legislative decree. No. 231/2001 and attributable to ascertained and serious imprudence, negligence and / or inexperience of the worker;
- omitted, repeated, serious and voluntary monitoring of the conduct of personnel operating within their sphere of responsibility, when such omission has favoured one of the unlawful conduct of the crimes indicated by Legislative Decree 231/2001 and attributable to ascertained and serious imprudence, negligence and / or inexperience of the worker.

#### **F. Dismissal without notice**

The sanction of dismissal without notice will be applied for failures committed with intent for which it is not possible to allow the continuation even provisional of the employment relationship; by way of example but not limited to:

- intentional violation of the prescriptions, prohibitions and obligations provided for by the documents forming part of the Model having external relevance and / or fraudulent avoidance carried out through an unequivocally directed behavior to the commission of a crime included among those provided for by the D. Legislative Decree no. 231/2001 and subsequent amendments and additions, such as to terminate the relationship of trust with the Company;
- violation and / or circumvention of the control system, carried out with intent through the subtraction, destruction or alteration of the documentation, or by preventing the control or access to information and documentation to the persons in charge;
- production of false documentation of the activity carried out, with regard to the methods of documentation and conservation of the documents, aimed at maliciously preventing the control and verifiability by corporate control bodies, certification bodies or authorities and public bodies.

If the employee has incurred one of the failures referred to in this point F, the Company may order the precautionary and non-disciplinary suspension of the same, with immediate effect, for a period not exceeding 10 days.

In the event that the Company decides and can proceed with the dismissal, in application of the legislation in force, the same will take effect from the day on which the precautionary suspension began.

#### **6.6. Measures against management staff**

The managerial relationship is a relationship that is characterized by an eminently fiduciary nature. That said, respect for the Model, by management staff, is an essential element of the employment relationship, constituting a stimulus and example for all those who report to them hierarchically.

The conduct of managers that constitutes a disciplinary offense, in addition to those outlined for employees, are:

- the failure to supervise, control and supervise, as "hierarchical manager", compliance with the procedures and requirements of the Model by its subordinates, in order to verify the actions carried out within the risk areas ;
- failure to report or tolerate irregularities committed by its subordinates or other personnel on compliance with the procedures and requirements of the Model;
- failure to comply with internal procedures for taking and implementing decisions;
- failure to comply with the provisions relating to the powers of signature and the system of delegations/powers of attorney granted.

If one of the aforementioned violations is ascertained, the sanctions provided for by the reference CCNL are applicable , starting from the verbal recall until the interruption of the employment relationship .

The Executive may also be revoked any assignments, powers of attorney or proxies conferred on him.

In individual contracts stipulated with the Company's managers, or in a specific supplementary letter signed for acceptance, it is expressly indicated that non-fulfillment of the particularly serious requirements of the Model may result in the early termination of the relationship.

#### **6.7. Measures against directors and statutory auditors**

In the event of violation of the Model by one or more members of the Board of Directors, the SB will inform the Board of Statutory Auditors, so that it may immediately convene the Shareholders' Meeting which will take appropriate measures, including the revocation of proxies, consistent with the seriousness of the violation committed, in accordance with the provisions of the law and the Articles of Association.

For the Administrative Body, the Administrative Body also constitutes a violation of the Model or the Code of Ethics (punishable according to the relative disciplinary system) the failure to comply with the obligation of direction or supervision of subordinates regarding the correct and effective application of the provisions of the Model.

In the event of violation of the Model by one or more members of the Board of Statutory Auditors of the Company, the SB will inform the Administrative Body, which will convene the Shareholders' Meeting which

will take appropriate measures consistent with the seriousness of the violation committed, in accordance with the provisions of the by law and the Statute.

The imposition of penalties must in any event take account of the principles of proportionality and appropriateness in relation to the alleged infringement.

In this regard, due consideration should be given to the following elements:

- the type of offence committed;
- the circumstances in which the unlawful conduct developed;
- the procedures for committing the conduct.

If the commission of a violation by one or more persons indicated in this paragraph is ascertained, in compliance with the constitutional principle of legality, as well as that of proportionality of the sanction, taking into account all the elements and circumstances inherent therein, the Shareholders' Meeting must apply the following sanctions, graduated in increasing order of severity:

1. the written reminder ;
2. the warning to punctual compliance with the forecasts of the Model;
3. the reduction of the auditor's fees or remuneration by up to 50%;
4. the dismissal from office for just cause.

In particular, the penalties referred to in points 3 and 4 above may be imposed in the case of:

- violation suitable to integrate the sole fact (the objective element) of one of the crimes provided for by the Decree;
- violation aimed at the commission of one of the crimes provided for by the Decree, or in any case such that there is a danger that the Company's liability pursuant to the Decree will be contested;
- failure by the Administrative Body and the members of the Supervisory Body, each for their own specific competences, to comply with the obligation assigned to them to supervise, monitor and possibly update the Model adopted by the Company.

### **6.7.1. The procedure for imposing penalties**

If the SB determines, by means of the documentation and information acquired in the context of its supervisory activity, the violation of the Model adopted by the Company by a person required to comply with it, it sends to the Administrative Body and to the Board of Statutory Auditors a report containing:

- a description of the conduct observed;
- an indication of the forecasts of the Model and the seriousness of the same that appear to have been violated;
- the personal details of the person responsible for the violation;
- any documents proving the infringement and other evidence;
- its own proposal on the appropriate sanction in relation to the specific case.

Within ten days from the acquisition of the report, the Administrative Body and the subject identified by the SB must be convened, who will be invited to participate in the meeting, which must keep no later than thirty days from receipt of the report itself.

The call, by the Board of Directors, must:

- be made in writing;
- contain an indication of the conduct complained of and the provisions of the Model being violated;
- communicate to the interested party the date of the meeting, with the notice of the faculty to formulate any remarks and deductions, both written and verbal.

On the occasion of the meeting, in which the SB is also invited to participate, the hearing of the interested party is arranged, the acquisition of any deductions made by the latter and the completion of any further investigations deemed appropriate.

The Administrative Body, on the basis of the elements acquired, determines the sanction considered applicable, motivating any dissent with respect to the proposal formulated by the SB.

The procedure described above is also applicable if the violation of the Model by one or more members of the Supervisory Body is found, with the exception of the transmission of the report that will be carried out by the Board of Directors. In all cases where the violation of the Model is found by the Board of Directors or the Employer linked to the Company by an employment relationship, the procedure for ascertaining the offense described above will be carried out in compliance with the regulations in force, as well as the applicable collective agreements.

#### **6.8. Measures against employees, consultants, partners, counterparties and other external parties**

Any conduct carried out in the context of a contractual relationship by collaborators, consultants, partners, counterparties and other external parties in contrast with the guidelines indicated in this Model and in the Code of Ethics constitutes a serious breach contractual obligations pursuant to art. 1453 c.c. and may determine, by virtue of specific clauses, the termination of the contractual relationship, without prejudice to the right to act for damages.

These specific contractual clauses will be elaborated, updated and included in the letters of appointment or in the negotiation or partnership agreements, which will also provide for any request for compensation for damages deriving from the application by the judge of the measures provided for by the Decree, even independently of the termination of the relationship. contractual.