ORGANISATION, MANAGEMENT AND CONTROL MODEL

pursuant to Italian Legislative Decree no. 231 of 8 June 2001, as amended.

GENERAL SECTION

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Organisation, management and control model

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1. Italian Legislative Decree no. 231/2001

1.1 General principles of the administrative liability of legal entities

Italian Legislative Decree no. 231 of 8 June 2001 (hereinafter also referred to as "Italian Legislative Decree no. 231/2001" or the "Decree"), issued in execution of the delegation contained in Art. 11 of Italian Law no. 300 of 29 September 2000, introduced the liability on the part of legal entities for administrative offences connected to criminal acts into the Italian legal system.

In particular, the Decree stipulated those legal entities with legal personality, companies, and associations, including those without legal personality, are liable if their top managers, executives, or those working under their direction or supervision commit certain types of specifically identified offences in the interests or to the advantage of the legal entity itself.

The purpose of the legislation is to make legal entities aware of the need to have an internal organisation suitable for preventing their top managers or the persons under their control from committing offences. It should be noted that the administrative liability of the legal entity does not preclude criminal liability on the part of the natural person who materially committed the so-called predicate offence, but is applied in addition to it.

For the sake of convenience, the offences to which the legislation in question applies can be broken down into the following categories:

- offences committed in relations with the Public Administration and corruption. (Articles 24 and 25);
- computer crimes and unlawful data processing (Art. 24-bis);
- organised crime offences (Art. 24-ter);
- extortion and bribery (Art. 25);
- forgery of money, credit cards, revenue stamps, and signs or instruments of identification (Art. 25-bis);
- crimes against industry and commerce (Art. 25-bis1);
- corporate crimes (Art. 25-ter);
- terrorist offences and subversion of the democratic order (Art. 25-quater);
- practices of female genital mutilation (Art. 25-quater 1);
- crimes against persons and individual freedom (Art. 25-quinquies);
- market abuse (Art. 25-sexies);
- crimes committed in violation of the laws on accident prevention and the protection of health and hygiene in the workplace (Art. 25-septies);
- receipt of stolen property, laundering and using money, goods or profits derived from illegal activities, and self-laundering (Art. 25-octies);
- crimes related to copyright infringement (Art. 25-novies);
- inducement not to make statements or to make false statements to the judicial authorities (Art. 25-decies).
- environmental crimes (Art. 25-undecies);
- employment of third-country nationals staying in the country illegally (Art. 25-duodecies);

- crimes of racism and xenophobia (Art. 25-terdecies);
- fraud in sporting competitions, exercise of illegal gambling or betting operations, and games of chance operated by means of prohibited gaming machines (Art. 25-quaterdecies);
- tax crimes (Art. 25-quinquiesdecies);
- smuggling (Art. 25-sexiesdecies);
- transnational offences (Italian Law 146 of 16 March 2006, Articles 3 and 10)

1.2 The prerequisites for the administrative liability of legal entities

1.2.1 The offenders of the predicate offence and their ties to the legal entity

Art. 5(1) of the Decree indicates the natural persons whose criminal conduct gives rise to administrative liability for legal entities, by virtue of the so-called guilt by association theory. In fact, pursuant to that article, the entity is responsible for crimes committed in its interests or to its advantage:

a) by persons who hold representation, administration, or management positions with financial and functional independence for the organisation or one of its organisational units, or who exercise management and control functions, even on a de facto basis;

b) by persons subject to the direction or supervision of one of the persons referred to under point a). With regard to the persons identified under point a), it should be noted that, according to the legislature, it is not necessary that the top management position be held on a "formal" basis, but it is sufficient that the functions exercised, even on a "de facto" basis, are actually management and control functions (in fact, as noted by the Ministerial Report to the Decree, both must be exercised).

1.2.2 Interests or advantage of the legal entity

As mentioned above, the natural persons whose criminal conduct could give rise to administrative liability must have committed the so-called predicate offence in the interests or to the advantage of the legal entity. The interests of the legal entity always require an ex-ante verification of the natural person's criminal conduct, whereas the "advantage" always requires an ex-post verification, and can be gained by the legal entity even when the natural person has not acted in its interests. The terms "interests" and "advantage" are associated with different legal concepts, each having specific and independent relevance, as it may well be the case, for example, that conduct that might initially have appeared to be in the interests of the legal entity, does not in fact, in retrospect, result in the desired advantage. The legal entity is not liable, on the other hand, if the persons indicated under 1.2.1 have acted exclusively in their own interests, or in the interests of third parties. In this case, in fact, it would be a matter of a somewhat "fortuitous" advantage, and as such would not be attributable to the legal entity's will.

In the event that the natural person has committed the so-called predicate offence in his/her own "prevailing" interests, or in the interests of third parties, and the legal entity did not gain any advantage or gained a minimal

advantage, there will still be liability attached, and the financial penalty pursuant to and for the purposes of Art. 12(1)(a) of the Decree will still be applied, reduced by half, and, regardless, not for an amount exceeding €103,291.38.

1.2.3 The predicate offences for the administrative liability of legal entities

The administrative liability of the legal entity can only arise in relation to the criminal offences expressly identified by Italian Legislative Decree no. 231/2001 as predicate offences for the administrative liability of legal entities.

It should be noted that the legal entity cannot be held liable for an act constituting an offence if its administrative liability, in relation to that offence, and the relevant penalties are not expressly envisaged by a law that came into force before the act was committed (the so-called principle of legality).

1.3 The conditions for exemption from administrative liability of legal entities

1.3.1 Administrative liability of the legal entity and predicate offences committed by persons in top management positions

Articles 6 and 7 of the Decree regulate the conditions for the legal entity's exemption from administrative liability. Based on the provisions of Italian Legislative Decree no. 231/2001 – Art. 6(1)(a), (b), (c) and (d) – the legal entity can be exempted from the liability arising from the commission of crimes by qualified subjects pursuant to Art. 5 of Italian Legislative Decree no. 231/2001, if it proves that:

a) the management adopted and effectively applied an organisation and management model suitable for preventing crimes of the type that occurred before the offence was committed;

b) the tasks of supervising the functionality, effectiveness, and observance of the organisation, management and control model (hereinafter the "Model") and of ensuring its updating were entrusted to a body of the legal entity endowed with autonomous powers of initiative and control;

c) the natural persons committed the offence by fraudulently circumventing the organisation and management models;

d) there have not been any omissions or instances of insufficient supervision on the part of the Supervisory Board (hereinafter also referred to as the "SB"), referred to under point b).

Italian Law no. 179 of 30 November 2017 (containing "Provisions for the protection of whistleblowers who report crimes or irregularities of which they have become aware within the context of a public or private employment relationship") added paragraph 2-bis to Art. 6 of Italian Legislative Decree no. 231/2001, with the aim of regulating reports of unlawful conduct (so-called **whistleblower reports**), thus strengthening the prevention system by protecting whistleblowers against acts of retaliation.

In particular, these regulations provided for the inclusion of the following into the Model:

a) "one or more channels that allow the subjects indicated under Art. 5 (1) (a) and (b) to submit, in order to protect the integrity of the legal entity, detailed reports of unlawful conduct, relevant for the purposes of this decree and based on precise and consistent facts, or of violations of the organisation and management model

of the legal entity, of which they have become aware due to the functions performed. These channels guarantee the confidentiality of the identity of the whistleblower in the management of the report;

b) at least one alternative reporting channel suitable to guarantee the confidentiality of the whistleblower using IT methods;

c) the prohibition of any acts of direct or indirect retaliation or discrimination against the whistleblower for any reasons directly or indirectly associated with the report;

d) the disciplinary system adopted pursuant to paragraph 2(e) provides for penalties against those who violate the whistleblower protection measures, as well as those who, with malice or gross negligence, submit reports that are determined to be unfounded." After this initial regulatory intervention, Italian Legislative Decree no. 24/2023 concerning the "Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and on the protection of persons who report breaches of national laws," published in the Official Journal on 15 March 2023 and entered into force on 30 March 2023, completely redesigned the national whistleblowing rules, introducing a structured apparatus of protections for whistleblowers.

One of the main new developments brought about by Italian Legislative Decree no. 24/2023 concerns the scope of application of the rules on whistleblowing, which, in the private sphere, is no longer strictly related to the contents of Italian Legislative Decree no. 231/2001 and the adoption of an organisational model by the legal entity – as envisaged by the previous Art. 6(2-bis), (2-ter) and (2-quater) of Italian Legislative Decree no. 231/2001 – but, under certain conditions, is also applicable to legal entities without Organisational Models. With regard to public sector entities, Italian Legislative Decree no. 24/2023 broadens the range of entities required to adopt reporting channels with respect to the previous regulatory framework.

With specific regard to legal entities that have adopted Models pursuant to Italian Legislative Decree no. 231/2001, the new legislation directly intervenes with regard to the regulation of the model itself, namely:

- Art. 24(5) of Italian Legislative Decree no. 24/2023 replaces the current Art. 6(2-bis) (and repeals the subsequent paragraphs 2-ter and 2-quater) of Italian Legislative Decree no. 231/2001, establishing that "pursuant to the Italian Legislative Decree implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019, the models referred to in paragraph 1(a) shall provide for the internal reporting channels, the prohibition of retaliation, and the disciplinary system, adopted pursuant to paragraph 2(e)";

- Art. 4(1) of Italian Legislative Decree no. 24/2023 expressly states that "the organisation and management models, referred to under art. 6(1)(a) of Italian Legislative Decree no. 231 of 2001, shall provide for the internal reporting channels referred to in this decree";

- Art. 21(2) of Italian Legislative Decree no. 24/2023 states that private-sector legal entities that have adopted the organisational model "shall provide for penalties against those found

to be responsible for the offences referred to in paragraph 1 in the disciplinary system adopted pursuant to Art. 6(2)(e) of Italian Decree no. 231 of 2001."

Moreover, with respect to the past, Italian Legislative Decree no. 24/2023 expands both the number of potential whistleblowers (previously limited to senior management and subordinate recipients of the organisational model) and the range of protected reporting channels, which, within certain limits and conditions, are also "open" to persons outside the legal entity.

The contents of Italian Legislative Decree no. 24/2023 are to be interpreted in conjunction with the ANAC Guidelines adopted by Resolution no. 311 of 12 July 2023, and the relevant Explanatory Report, specifically with regard to the external reporting channel. The ANAC Guidelines also lay out several requirements for the internal reporting channels (to be considered indicative and non-binding).

With regard to the extent of the delegated powers and the risk of committing offences, the organisation and management Models must:

a) identify the activities within the scope of which offences may be committed;
b) provide for specific protocols aimed at planning the formation and implementation of the legal entity's decisions in relation to the crimes to be prevented;
c) identify methods for managing the financial resources that are suitable for preventing such crimes from being committed;
d) provide for disclosure obligations in relation to the body delegated to supervise the functionality and observance of the Models;
e) introduce a disciplinary system suitable for punishing any non-compliance with the measures indicated in the Model.

The Model is a set of rules and tools aimed at providing the legal entity with an effective organisation and management system that is also capable of identifying and preventing criminally relevant conduct by those working on behalf of the company. models may also be adopted, guaranteeing the above-mentioned requirements, based on the codes of conduct drawn up by the associations representing the legal entities and communicated to the Ministry of Justice pursuant to Art. 6(3) of the Decree.

It should be noted, however, that the Decree outlines different treatment for the legal entity depending on whether the offence is committed:

a) by persons who hold representation, administration, or management positions within the legal entities, or within an organisational unit of those legal entities with financial and functional autonomy, or by natural persons who exercise management and control over the legal entities themselves, even on a de facto basis;
b) by persons subject to the management or supervision of the subjects indicated above.

In the first hypothesis, the provisions of the Decree provide for the so-called "reversal of the burden of proof" with regard to the adoption and effective implementation of a Model capable of preventing the commission of predicate offences. This means that, if an administrative offence is contested following the commission of one or more predicate offences by a top manager, it is the legal entity that is required to prove (and is "not liable if it proves") that it has done everything required by the Decree.

1.3.2 Administrative liability of the legal entity and predicate offences committed by persons subject to the direction of others

Art. 7 of the Decree states that if the offence was committed by the persons indicated under Art. 5(1)(b), the legal entity is liable if the commission of the offence was made possible by the failure to comply with the management or supervisory obligations.

Non-compliance with the management or supervisory obligations is not a factor if the legal entity adopted and effectively implemented an organisation, management and control model suitable for preventing crimes of the type that occurred prior to the commission of the offence.

Based on the nature and size of the organisation, as well as the type of activity carried out, the model must establish suitable measures for ensuring the conduct of the business activities in compliance with the law and for promptly identifying and eliminating any risks.

The effective implementation of the model also requires:

a) periodic checks and the possible modification of the same if any significant violations of its requirements are discovered, or whenever any changes are made to the legal entity's organisation or activities;

b) a disciplinary system suitable for punishing any non-compliance with the measures indicated in the model.

1.4 The practical application of Italian Legislative Decree no. 231/01

1.4.1 The "requirements whose fulfilment exempts" legal entities from administrative liability

The Decree therefore provides for the adoption of a model that meets the following requirements, the fulfilment of which exempts the legal entity from liability. In particular, the model must:

a) identify the activities within the scope of which offences may be committed;
b) provide for specific protocols aimed at planning the formation and implementation of the legal entity's decisions in relation to the crimes to be prevented;
c) identify methods for managing the financial resources that are suitable for preventing such crimes from being committed;
d) provide for disclosure obligations in relation to the body delegated to supervise the functionality and observance of the Models;
e) introduce a disciplinary system suitable for punishing any non-compliance with the measures indicated in the model.

1.4.2 The Confindustria Guidelines

The Company is a member of OICE, a member association of Confindustria.

As already pointed out, pursuant to Art. 6 of the Decree, the models may also be adopted, guaranteeing the above-mentioned requirements, based on the codes of conduct drawn up by the associations representing the legal entities and communicated to the Ministry of Justice pursuant to Art. 6(3) of the Decree. Confindustria, the main organisation representing manufacturing and service companies in Italy, which groups together around 150,000 companies of all sizes, on a voluntary basis, for a total of over 5 million employees, aims, by statute, to contribute to the economic growth and social progress of the country, in collaboration with political institutions and national and international economic, social, and cultural organisations.

Also in this regard, and in order to assist member companies, Confindustria has issued the "Guidelines for the preparation of organisation, management and control models pursuant to Italian Legislative Decree no. 231/2001". The first version of the Guidelines, drawn up in 2002 by the Working Group on "Administrative Liability of Legal Entities," set up within the Confindustria Legal, Finance and Company Law Unit, was approved by the Italian Ministry of Justice in June 2004. Following the numerous legislative interventions that, in the meantime, have amended the regulations on the administrative liability of legal entities, extending their scope to include additional offences, the Confindustria Working Group has updated the Guidelines for the preparation of organisational models.

The first update of the Guidelines, dated March 2008, was approved by the Italian Ministry of Justice on 2 April 2008, while the second update, dated March 2014, was approved by the Italian Ministry of Justice on 21 July 2014.

The new Confindustria Guidelines for the preparation of organisational models adapt the previous texts to the legislative, legal, and applied practice changes that have taken place in the meantime, with the aim of providing indications as to the measures suitable for preventing the commission of the offences covered by the Decree as at July 2014.

The Confindustria Guidelines for the preparation of organisation, management and control models provide associations and companies (regardless of whether they are members of the Association or not) with methodological indications on how to prepare an organisational model suitable for preventing the commission of the offences indicated in the Decree.

The indications contained in this document, which is also recognised by the Decree, can be summed up in the following key points:

- the identification of the risk areas, aimed at verifying the company areas/sectors in which the offences envisaged by Italian Legislative Decree no. 231/2001 could be committed;
- the identification of the ways in which offences could be committed;
- the performance of risk assessment;
- the identification of control points aimed at mitigating the risk of crime;
- the gap analysis.

The most relevant components of the control system devised by Confindustria are:

- the Code of Ethics;

- the organisational system;
- the manual and computerised procedures;
- the powers of authorisation and powers of signature;
- the control and management systems;
- staff communication and training.

The components of the control system must be guided by the following principles:

- verifiability, traceability, consistency, and congruence of each transaction;
- application of the principle of segregation of duties (no one can manage an entire process on their own);
- control documents;
- provision of an adequate disciplinary system for the violation of the procedures laid out in the Model;
- identification of the requirements of the Supervisory Board, which can be summarised as follows:
- autonomy and independence;
- professionalism;
- continuity of action;
- disclosure obligations of the Supervisory Board and identification of the criteria for the selection of the board.

It should be noted that:

1) non-compliance with specific points of the Guidelines does not in itself invalidate the Model;
2) the indications provided in the Guidelines require subsequent adaptation by companies. In fact, in order to be an effective means of prevention, every organisational model must be constructed bearing in mind the specific characteristics of the company to which it applies. In fact, each company's crime risk is closely linked to the company's economic sector and organisational complexity (not just its size), and the geographical area in which it operates.

Following the entry into force of Italian Law no. 179 of 30 November 2017, containing "Provisions for the protection of whistleblowers who report crimes or irregularities of which they have become aware within the context of a public or private employment relationship," Confindustria published an Explanatory Note on the whistleblowing regulations, which illustrates the main contents of the relevant legislation and provides clarifications regarding its application for legal entities with 231 Models.

1.4.3. Updating of the Confindustria Guidelines

In June of 2021, Confindustria published the updated Guidelines on the administrative liability of legal entities.

The document, which does not change the structure of the previous updates, provides an overview of the regulatory changes since 2014 and the case law developments.

Among the issues addressed by the 2021 Guidelines, the following are particularly noteworthy:

- with regard to the peremptory nature of the list of predicate offences, the introduction of the offence of self-laundering (Art. 648-ter.1 of the Italian Criminal Code) to the list of predicate offences would risk making the catalogue of predicate offences no longer *numerus clausus*, but rather open-ended. There are two opposing views on this point: the first limits liability to cases where the predicate offence of self-

laundering is also one of the predicate offences expressly envisaged under the Decree, while according to the other liability would also extend to further offences;

- with regard to the concepts of interests and advantage, the Guidelines refer to the most recent case law on the subject matter, according to which, in order to identify these criteria, reference must be made to the purpose of the conduct and the saving of expenses;
- with regard to prohibitive penalties, the Guidelines make a historical excursus of the same, emphasising the greater hardship that they cause in light of the amendments made by Italian Law 3/2019 (also known as Spazzacorrotti).
- the Guidelines then promote the idea of integrated compliance, in order to improve the efficiency and effectiveness of the controls and procedures. In this regard, a section has been included on the so-called Tax Control Framework, with which the Model must coordinate;
- once again on the subject of compliance systems, the Guidelines introduce a new section, entitled "Control systems for tax compliance purposes," suggesting the possible interaction between the Model and other control instruments;
- the fifth chapter then deals with the liability of "Groups of companies," specifying when liability may also extend to related companies, if any. This may occur where the holding company may be deemed to have obtained a concrete advantage and an actual interest in the offence committed by the other company, and where the person acting on behalf of the holding company colludes with the person who committed the offence on behalf of the subsidiary;
- in the latest version of the Guidelines, a paragraph was also introduced concerning the fulfilment of obligations aimed at increasing the transparency of information on business activities, as envisaged by Italian Legislative Decree no. 254/2016.

  In fact, public interest legal entities with certain characteristics will have to draw up a declaration containing non-financial information, which will then have to be compared with what they declared in previous years.

  This declaration, the correction and supervision of which is entrusted to the same person as the statutory auditor of the financial statements, will be published in the commercial register together with the management report.

  Any violations will be verified and penalised by Consob;
- with regard to the Supervisory Board, this is analysed from two points of view. First, it is noted and emphasised that it is important to provide it with an annual budget, so that it can best perform the tasks assigned to it. Then, with regard to the Supervisory Board's independence, the Guidelines state that its members should basically have no operational roles within the company.
- finally, the references to whistleblowing are also noteworthy. The Guidelines emphasise the need for individual companies to regulate the entire procedure, from the ways in which reports are to be submitted, to how they are to be handled, and an appropriate breakdown of the process into stages and responsibilities. The introduction of a special procedure is also recommended.

Finally, it is recommended to use of IT platforms also managed by independent and specialised third parties and to establish dedicated e-mail addresses. Nevertheless, the most suitable organisational option for the purpose of accurately identifying the recipient of the reports can only be sought through an analysis of the size and organisational characteristics of the company, of whether the regulations concerning the specific business sector apply, even based on any relevant corporate groups.

The Guidelines also recall the Guidelines adopted by the National Anti-Corruption Authority in the public sector in 2015.

Following the reform of the whistleblowing regulation by the aforementioned Italian Legislative Decree no. 24/2023 and the Guidelines on the external reporting channel adopted by the National Anti-Corruption Authority in July 2023, Confindustria issued an Operational Guide in October 2023.

1.5 Administrative penalties applicable to legal entities

The Decree regulates four types of administrative penalties applicable to legal entities for administrative offences connected to criminal acts:

1) fines (and precautionary attachment), applicable to all offences;
2) disqualification penalties, also applicable as a precautionary measure and, regardless, only in particularly serious cases lasting no less than three months and no more than two years, which, in turn, may consist of:
   - the prohibition to conduct business activities;
   - the suspension or revocation of the authorisations, licenses or concessions necessary for the commission of the offence;
   - the prohibition to deal with the Public Administration, except for dealings required to obtain the services of a public service officer;
   - the exclusion from benefits, financing, contributions, or subsidies, and the possible revocation of those granted;
   - the prohibition to advertise goods or services;
   - confiscation (and precautionary seizure);
   - publication of the judgement (in the case of the application of a disqualification penalty).

The rationale underlying the rules drawn up relating to penalties is clear: with the provision of financial and disqualification penalties, the intention is to pursue both the assets of the legal entity and its operations, while, with the introduction of the confiscation of profits, the intention is to tackle the legal entity's unjust and unjustified enrichment through the commission of offences.

Financial penalties

The financial penalty is the fundamental penalty, applicable at all times and to all administrative offences connected to a crime. The financial penalty shall be levied in quotas of no less than one hundred and no more than one thousand.

The judge determines the number of quotas taking into account the severity of the event, the legal entity's degree of liability, and the measures taken by the legal entity to eliminate or mitigate the consequences of the event and to prevent further offences from being committed.

The amount of a quota ranges from a minimum of € 258.23 to a maximum of € 1,549.37, and is established based on the economic and financial conditions of the legal entity, in order to ensure the effectiveness of the penalty. However, the amount of the fee is always € 103.29 if:
a) the offender has committed the offence mainly in his/her own interest or in the interest of a third party, and the legal entity has not gained or has only gained a minimal advantage from the crime (Art. 12(1)(a) of the Decree);
b) the financial damage caused is not particularly serious (Art. 12(1)(b) of the Decree).

The financial penalty shall also be reduced by between one third and one half if, before the first instance trial is declared open:

a) the legal entity has entirely compensated for the damage caused and has eliminated the harmful or dangerous consequences of the crime, or has otherwise taken effective measures in this regard;
b) an organisational model suitable for preventing the types of crimes that occurred has been adopted and implemented.

If both these conditions are met, the penalty is reduced by one half to two thirds. Whatever the case, the financial penalty cannot be less than € 10,329.14. Therefore, in order to quantify the monetary value of each quota, the criminal court must perform a "twofold operation": it must first determine the amount of the number of quotas on the basis of the aforementioned indices of the seriousness of the offence, the degree of liability of the legal entity, and the activities carried out to mitigate the consequences of the offence, and must subsequently determine the monetary value of each quota, taking into account the legal entity's economic and financial conditions, in order to ensure the effectiveness of the penalty. Finally, two cases of reduction of the fine are envisaged:

- the first concerning cases of offences that are not particularly serious, in which the fine to be imposed may not exceed € 103,291.00 nor be less than € 10,329.00;
- the second is dependent on the reparation or repayment of the offence committed.

However, Art. 27 of the Decree sets a maximum limit on the amount of the penalty, establishing that the legal entity may only be held liable for the payment of the fine up to the limit of its common fund or assets.

Disqualification penalties

Disqualification penalties are applied in conjunction with a financial penalty, but only in relation to the predicate offences for which they are expressly provided for. Their duration may not be less than three months and may not exceed two years.

The disqualification penalties envisaged in the Decree are the following:

a) disqualification from exercising the activity (entails the suspension or revocation of authorisations, licences, or concessions needed to carry out of the activity, and only applies when the imposition of other disqualification penalties proves inadequate);

b) the suspension or revocation of the authorisations, licenses, or concessions necessary for the commission of the illegal act;
c) the prohibition on contracting with the public administration (this may also be limited to certain types of contracts or to certain administrations), save for obtaining the services of a public authority;
d) exclusion from grants, loans, contributions, and subsidies, and/or the revocation of those already granted;
e) the prohibition to advertise goods or services.

If necessary, disqualification penalties may be applied jointly. Therefore, their application can, on the one hand, freeze the exercise of the legal entity's activities, and on the other hand, significantly condition it by limiting its legal capacity or financial resources. Since these penalties are particularly severe, the Decree stipulates that they can only be applied if at least one of the following conditions is met:

a) the legal entity has obtained a considerable profit from the crime and the crime was committed by top managers or by individuals subject to the management of others when, in this case, the commission of the crime was determined or facilitated by serious organisational shortcomings;
b) in the event of repeated offences.

These penalties, however, do not apply if:

- the offender has committed the offence mainly in his/her own interests or in the interests of a third party, and the legal entity has not gained or has only gained a minimal advantage from the crime;
- the resulting financial loss is not particularly serious.

They also do not apply when, before the first instance trial is declared open, the following conditions have all been met (so-called reparation of the consequences of the offence):

a) the legal entity has entirely compensated for the damage caused and has eliminated the harmful or dangerous consequences of the offence, or has otherwise taken effective measures in this regard;
b) the legal entity has eliminated the organisational shortcomings that determined the offence by adopting and implementing organisational models suitable for preventing crimes of the type that occurred;
c) the legal entity has rendered available the profit obtained for the purposes of confiscation.

Publication of the conviction sentence

The publication of the conviction sentence may be ordered when a disqualification penalty is imposed upon the legal entity.

The judgement shall be published one time only, in excerpts or in full, in one or more journals specified by the court, which, it may be assumed, will be "specialised" or "sector-specific" journals, or else may be published by posting in the municipality where the legal entity has its principal place of business, all at the expense of the legal entity itself. This penalty is merely punitive in nature, and is intended to negatively affect the legal entity's image.

Confiscation of the price or profit of the crime

At the time of conviction, the legal entity is always ordered to surrender the price or the profit of the crime, except for the part that can be returned to the damaged party and without prejudice to the rights acquired by third parties in good faith. In the event that the confiscation of the price or profit of the crime is not possible, sums of money, assets, or other benefits of a value equivalent to the price or profit of the crime may be confiscated (so-called confiscation by equivalent).

The "price" of the crime is understood as the items, money, or other benefits given or promised to cause or instigate the commission of the criminal conduct. The "profit" of the crime is understood as the immediate economic consequence obtained from the offence.

Confiscation by equivalent has recently become one of the most widely used tools to fight the so-called crimes of profit. This penalty also has a direct criminal law matrix.

2. Governance model and organisational structure

2.1 The Company

Vivolo s.r.l. (hereinafter referred to as "Vivolo" or the "Company"), in order to increasingly ensure conditions of fairness and transparency in the conduct of its corporate activities, has deemed it consistent with its corporate policies to proceed with the adoption of the Model, in light of the provisions of the Decree.

The initiative taken by the Company to adopt the Model was undertaken with the conviction that the adoption of such a Model, notwithstanding the provisions of the Decree that indicate the Model as an optional and non-mandatory element, could constitute a valid tool for raising employee awareness.

Vivolo is a leader in the green production and sale of semi-finished leather goods for the fashion industry.

It was established in 1977, when Luciano and Marianna Vivolo decided to use leather offcuts, which seemed like simple scraps from their work for local shoe and bag manufacturers, to make elbow patches.
This was the first step in what would turn out to be a pioneering marketing manoeuvre, which, from sales in haberdasheries in Bologna, led to the company expanding throughout the country, later also embracing the wholesale market.

The Company may carry out studies, research and development, maintenance, assistance, licensing of trademarks, industrial patents, know-how, and industrial property rights in general in the areas indicated above.

For the achievement of its business purpose, the Company may perform all the activities deemed necessary, at the sole discretion of its administrative body.

2.2 The corporate structure

To this end, the Company has adopted, applies, and maintains an administration and control system consisting of a Board of Directors.

The Company has also complied with the personal data protection requirements set out in EU Regulation 2016/679 (the GDPR), as well as in Italian Legislative Decree no. 196/2003 (the Privacy Code), as amended by Italian Legislative Decree no. 101/2018.

Vivolo's governance system is currently structured as follows:

a. The Shareholders' Assembly: represents the entirety of the shareholders, and is competent to pass resolutions on relevant matters reserved for it by law and by the Articles of Association;
b. The Board of Directors: vested with the broadest powers for the ordinary and extraordinary administration of the Company, it may perform all acts it deems appropriate to carry out the business purpose.

Vivolo's organisational structure is characterised by the segregation of the duties, roles, and responsibilities for each business area, in order to specifically define the relative functions and to reach maximum efficiency in the implementation of the activities.

The Company's organisational structure is currently as follows:

- Management
- Administration
- Purchasing
- Sales
- Production

2.3 The Company's governance tools

The Company has adopted the following corporate governance tools to ensure the proper functioning of the organisation:

- the Articles of Association;
- the Code of Ethics;
- the Company organisational chart;
- ISO 9001:2015 certified system;
- ISO 14001:2018 certified system;
- Global Recycled standard;
- FSC C168709;
- the Privacy governance model (GDPR, EU Reg. 679/2016).

Articles of Association: the articles of association adopted by Vivolo, which contain all the rules and regulations governing relations between the shareholders and the Company, in compliance with the provisions and regulations of the Italian Civil Code.

Code of Ethics: Vivolo has established a Code of Ethics (Annex A), the ultimate aim of which is to disseminate and raise awareness on the Company's values, with which all of its business partners, employees, collaborators,

professionals, and counterparts must comply. Honesty, integrity, and respect for the laws, regulations, and ethical principles constitute the founding values of the Company's organisational culture and activities.

The Model presupposes compliance with the provisions of the Code of Ethics, which is an integral part thereof, and together they constitute the body of internal rules aimed at disseminating a culture based on ethics and corporate transparency.

The Company's Code of Ethics, even in all of its future forms, is to be considered fully referenced herein, and constitutes the essential basis for the Model, the provisions of which are supplemented by the provisions therein.

Company organisational chart: shows the current organisational structure, and was designed and developed in order to take the Company's specific operational and dimensional characteristics into account.

Privacy Governance Model: the Company has established its Privacy Compliance Model through the adoption and implementation of specific documents contained in the Privacy Management Model pursuant to EU Regulation 679/2016.

2.4 The internal control system

The Company has adopted an internal control system designed to oversee the risks associated with corporate activities over time. The internal control system consists of a set of rules, practices, procedures, and organisational structures aimed at allowing the identification, measurement, management and monitoring of the main risks. The internal control and risk management system meets the need to ensure:

(i) the effectiveness and efficiency of processes and operations;
(ii) the quality and reliability of the economic and financial information;
(iii) the compliance with laws and regulations, as well as with the articles of association and the internal rules and procedures;
(iv) the protection of corporate values and assets;
(v) the identification, prevention, and management of financial and operating risks and fraud against the Company.

The Company adopts the use of regulatory instruments based on the general principles of:

a) clear description of the reporting lines;
b) awareness, transparency, and publication of the powers attributed (within the Company and in relation to any third parties concerned);
c) clear and formal delimitation of roles, with a complete description of the duties of each function, and of the relative powers and responsibilities.

The internal procedures to be adopted are characterised by the following elements:

- the separation, within each process, of the subject who makes the decision (decision-making impulse), the person who executes the decision, and the person who is entrusted with the control of the process (so-called "segregation of duties");
- written records of each relevant step of the process (so-called "traceability");
- adequate level of formal documentation;
- adequate training of the functions involved.

3. The Company Organisation and Management Model

3.1 Goals and function of the Model

By adopting a Model that meets the requirements of the Decree, Vivolo shows that it operates under conditions of fairness and transparency in the conduct of its business and corporate activities.

The adoption of the Model represents a tool for raising awareness among all employees and all other parties closely involved in Vivolo's business (suppliers, customers, consultants, etc.), to ensure that they conduct themselves in a correct and straightforward manner in the performance of their activities, so as to prevent the existing risks of crimes.

In particular, with the adoption of the Model, the Company has posed itself the following goals:

- to raise awareness among all those who work in the name and on behalf of Vivolo, and especially those who operate in the areas of activity found to be at risk of crime, that violations of the provisions set out in the Model could constitute offences punishable by criminal penalties against them individually, and by "administrative" penalties against the Company;
- to raise awareness among the aforementioned persons that such unlawful conduct is strongly condemned by the Company, as it is not only against the law, but is also contrary to the corporate culture and the ethical principles that the Company has adopted as the guidelines for its own business activities;
- to protect any whistleblowers who report unlawful conduct or violations of the Model, ensuring that no retaliatory or discriminatory action is taken against him/her as a result of the report;
- to enable the Company to take timely action to prevent or counteract the commission of the offences (listed in the special section of the Decree), or at least to significantly reduce the damage caused by them;
- to promote a significant leap forward in terms of Vivolo's corporate governance transparency and image.

It should be noted that, without prejudice to the objectives and purposes set out above, the Company is well aware that the assessment of the Model concerns its suitability for minimising and not for entirely eliminating the possibility of the offences laid out in the special section of the Decree being committed by individuals.

This is confirmed by the fact that the Decree in question expressly requires the Model to be suitable not so much for preventing the offence that actually occurred, but rather the category of offence to which the one that actually occurred belongs.

3.2 Recipients of the Model

The rules contained in the Model primarily apply to those who perform representation, administration or management functions within the Company, as well as those who exercise management and control over the Company, even on a de facto basis. The Model also applies to all the Company's employees, even seconded, who are required to respect all the provisions and controls contained therein, as well as the pertaining implementation procedures, with the utmost correctness and diligence. Within the limits of their existing relationships, the Model also applies to those who, despite not being employees of the Company itself, operate on a mandate or on its behalf, or are otherwise bound to the Company by relevant legal relationships. To this end, within the contracts or during the course of the relations in place with suppliers of services/equipment/tools, a notice is provided informing them that Vivolo has adopted a Model and a Code of Ethics, while contracts and letters of appointment with external professionals and consultants expressly include a reference to the Code of Ethics and the General Section of the Model.

In particular, with regard to any partners with which the Company may operate, either in Italy or abroad, while respecting the autonomy of the individual legal entities, the Company also promotes the adoption of an internal control system capable of preventing the predicate offences, which, through the provision of a specific notice to be sent to suppliers of services/equipment/tools, or through the insertion of a specific 231 clause within new contracts/letters of appointment entered into with external professionals and consultants, aims to ensure that they will adapt their conduct to the principles laid out in the Decree and enshrined within the Code of Ethics.

3.3 Structure of the Model: General Section and Special Section

The Model consists of this "General Section," which contains the fundamental principles, and a "Special Section," broken down into chapters, whose contents refer to the types of offences envisaged by the Decree that could potentially be committed within the Company.

In keeping with the structure envisaged by the Guidelines for the preparation of the Model, after an introduction regarding the purpose and main contents of Italian Legislative Decree no. 231/2001, the General Section provides information on the Company's organisational structure, governance tools, and internal control system. After defining the Model's function and recipients, this chapter indicates the methods adopted by the Company to adapt and update the Model itself. The remainder of the document covers the following topics:

- the roles, responsibilities and information flows of the Supervisory Board;
- the methods for reporting unlawful conduct;
- the disciplinary and penalty system;
- the criteria for recruiting and training personnel, as well as the procedures for disseminating the Model.

The Special Section deals with the Company's areas of activity in relation to the various types of offences envisaged by the Decree and Italian Law no. 146/2006 that could potentially be committed within the Company.

Should it become necessary to issue additional specific chapters of the Special Section concerning any new types of offences that may be included within the scope of the Decree, the Company's Administrative Body is vested with the power to supplement this Model by specific resolution, even following notification by and/or consultation with the Supervisory Board.

3.4 Criteria for updating the Model

The Supervisory Board proposes the possibility of updating the Model to the Management if any new elements that may have arisen (of a regulatory or organisational nature and/or concerning the corporate structure) could affect its effectiveness and efficiency.

In particular, the Model may be updated if:

- any violations of the Model's provisions are encountered;
- any significant changes are made to the Company's internal structure;
- any amendments to the relevant legislation are enacted.

In particular, in order to ensure that the changes to the Model are carried out promptly and diligently, without any lack of coordination arising among the operational processes, the provisions contained within the Model, and the dissemination of the same, the Administrative Body is tasked with making the periodic changes to the Model, wherever necessary, regarding aspects of a descriptive nature. The term "aspects of a descriptive nature" refers to elements and information resulting from acts approved by the Administrative Body (such as the modification of the organisational chart) or from functions holding specific proxies (e.g. new procedures). Whatever the case, the resolution of any updates and/or adaptations to be made to the Model due to the following factors remains the exclusive responsibility of the Administrative Body:

- any regulatory changes concerning the administrative liability of legal entities;
- the identification of new sensitive activities, or changes to those previously identified, even potentially associated with the start of new activities;
- the commission of the offences referred to in Italian Legislative Decree no. 231/2001 by the recipients of the provisions of the Model or, more generally, major violations of Model;
- the ascertainment of any shortcomings and/or omissions in the provisions of the Model as a result of checks conducted regarding its effectiveness.

The SB itself has specific duties and powers relating to the handling, development, and promotion of the Model's constant updating. To this end, it submits observations and proposals regarding the organisation and the control system to the structures overseeing it, or, in cases of particular importance, to the Administrative Body.

4. Supervisory Board

4.1 Requirements of the Supervisory Board

Based on the provisions of the Decree, the legal entity can be exempted from liability resulting from offences being committed by top managers or persons under their supervision and direction if the managing body – in addition to having adopted and effectively implemented an organisation model suitable for preventing the offences – has entrusted the task of overseeing the functionality and observance of the Model and the updating of the same to a body of the legal entity vested with autonomous powers of initiative and control.

The assignment of these duties to a body vested with autonomous powers of initiative and control, together with the correct and effective performance of the same, are therefore essential prerequisites for the exemption from liability provided by the Decree.

The main requirements of the Supervisory Board can be identified as follows:

- autonomy and independence: the board must constitute a staff unit with as high a hierarchical position as possible, and must report to the Company's top operational management. Furthermore, the same board must not be assigned any operational tasks that, by their nature, would jeopardise its objectivity. Finally, it must be able to perform its function in the absence of any form of interference and conditioning on the part of the legal entity, and, in particular, the company management;
- professionalism: the board must have all the knowledge, tools, and techniques necessary to carry out its work effectively;
- continuity of action: in order to ensure the effective and constant implementation of the organisational model, through periodic audits.

Upon approving the Model, the Company opted for the appointment of a monocratic Board. However, there remains the possibility that a collegial board may be appointed at a later date.

The Supervisory Board must be established by resolution of the Board of Directors.

It holds office for three years, which may also be tacitly renewed.

Upon the expiry of the term, the member or members of the Supervisory Board remain in office until new appointments are made by the Board of Directors.

Termination of office due to expiry takes effect from the moment the new Supervisory Board is formed.

The same grounds for ineligibility and disqualification that exist under Art. 2399 of the Italian Civil Code apply to the Supervisory Board.

The Supervisory Board can be dismissed by the Board of Directors only for just cause. The dismissal must only be decided upon after consulting with the individuals concerned.

In the event of termination, dismissal, death, resignation, or disqualification of one of the members of the Supervisory Board, the Board of Directors must promptly appoint a new member.

The members of the Supervisory Board must not have been criminally tried for or convicted (even without a final sentence) for any of the offences referred to under Italian Legislative Decree no. 231/2001.

The remuneration due for the office of external member of the Supervisory Board, for the entire term of office, is established in the same resolution of the Board of Directors in which the appointment is made. The appointment as member of the Supervisory Board is subject to the eligibility requirements being met. The following causes for ineligibility and/or incompatibility are also established, in addition to those that may be envisaged by applicable legislation:

- conflicts of interest with the Company, even potential, such as to compromise the independence required by the role, and the tasks of the member of the Supervisory Board itself;
- subjects bound by family ties, marriage (or de facto cohabitation situations comparable to marriage), or any other similar relationships within the fourth degree, with any of the Company's directors or statutory auditors, or any senior managers of the Company or its subsidiaries;
- subjects having direct or indirect ownership of stocks or shares such as to allow for considerable influence to be exercised over the Company;
- subjects who perform administrative functions, or hold power of attorney or executive positions for the Company or other companies belonging to the group;
- a conviction, even if not final, or the acceptance of a plea bargain for any of the offences referred to in the Decree, or which, due to their particular seriousness, call the moral and professional reliability of the individual into question;
- criminal convictions, even not *res judicata*, with a penalty that includes disqualification from holding public office, or disqualification from holding executive offices for corporations and businesses, even temporarily.

The aforementioned grounds for incompatibility and/or ineligibility and the relative self-certification must also be considered with regard to any external consultants involved in the activities and in the performance of the tasks for which the members of the Supervisory Board are responsible. Termination from office shall be determined by resignation, forfeiture, dismissal, and, in the case of members appointed by reason of the position they hold within the company, by their loss of that position.

The members of the SB may relinquish their positions at any time by notifying the Board of Directors in writing and specifying the relative reasons. The members of the Supervisory Board may be dismissed only for just cause, by special resolution of the Board of Directors. In this regard, just cause for dismissal shall mean, by way of example:

- disqualification or incapacitation, or a serious illness or disability which renders the member of the Supervisory Board unable to perform his/her supervisory duties, or an illness or disability which otherwise results in his/her absence for a period exceeding six months;
- attribution of operational functions and responsibilities to the member of the Supervisory Board, or the occurrence of events that are incompatible with the requirements of autonomy of initiative and control, independence, and continuity of action, which are specifically required of the Supervisory Board;

- the loss of the subjective requirements of good repute, integrity, respectability and independence possessed at the time of appointment;
- the presence of one or more of the aforementioned causes for ineligibility and incompatibility;
- a serious breach of the duties of the Supervisory Board.

In such cases, the Board of Directors shall promptly appoint a new member of the Supervisory Board to replace the dismissed member. If, on the other hand, all the members of the Supervisory Board are dismissed, the Board of Directors shall concurrently appoint a new Supervisory Board in order to ensure its continuity of action.

The Supervisory Board will carry out the following activities aimed:

1. to monitor compliance with the provisions of the Model, in relation to the various types of offences contemplated by the Decree and by the subsequent laws that have extended its scope, establishing a plan of activities, even aimed at verifying consistency between what is abstractly envisaged by the Model and the conduct actually adopted by the individuals obliged to comply with it;
2. to verify the adequacy of the Model itself, both with respect to the prevention of the crimes referred to by Italian Legislative Decree no. 231/2001, and the ability to determine when any illegal conduct has taken place;
3. to verify the Model's efficiency and effectiveness, even in terms of the appropriateness of the operating methods effectively adopted and the procedures formally envisaged by the Model itself;
4. to verify that the requirements of the Model's efficiency and effectiveness are continuously met over time;
5. to carry out periodic inspection and control activities on an ongoing and spot-check basis, even via the functions in charge, in consideration of the various sectors of intervention or the types of activities and their critical points, in order to verify the efficiency and effectiveness of the Model;
6. to report the possible need to update the Model if it is deemed necessary to adapt it to any changes in corporate conditions, to regulatory developments, or to violations of its contents;
7. to monitor the periodic updating of the system for identifying, mapping and classifying the sensitive activities;
8. to ascertain any changes in conduct that might take place by analysing the information flows and the reports for which the various department managers are responsible;
9. with regard to the reporting of offences, to verify the adequacy of the reporting channels established in application of the whistleblowing rules, in order to ensure that they are compliant with the relevant legislation;
10. to manage the internal reporting channel, namely by performing the following activities:
    - receipt of reports through the channel established by the Company;
    - notification of the whistleblower of the report's receipt within 7 days of receiving it;
    - communications with the whistleblower within the deadlines established by law (requests for clarifications/documents, feedback, etc.);
    - assessment of the admissibility and type of report received;
    - correct and complete retention of the documentation;

- preparation of reports on the whistleblower's reports received for the Company management and the Sole Statutory Auditor;
- preparation of reports on the periodic audits carried out as manager on the maintenance of the system;
- periodic verification of the provision of clear information regarding the reporting channel, the procedures, and the prerequisites for internal and external reporting;

11. to promote the launch of disciplinary proceedings, if any, concerning serious violations encountered during the supervision activities;
12. to verify and assess, together with the relevant functions, the suitability of the disciplinary system pursuant to and for the purposes of Italian Legislative Decree no. 231/2001, ensuring, with regard to the whistleblowing system, compliance with the prohibition of "any acts of direct or indirect retaliation or discrimination against the whistleblower for any reasons directly or indirectly associated with the report";
13. to promote initiatives for the dissemination, knowledge and understanding of the Model and its various components (including the whistleblowing system), as well as to train and raise the staff's awareness of the need to comply with the principles contained in the Model;
14. to promote communication and training interventions regarding the contents of Italian Legislative Decree no. 231/2001, the impacts of the regulations upon the Company's activities, and the rules of conduct.

In order to pursue its purposes, the Supervisory Board must:

- examine any reports of wrongdoing received, and carry out the necessary and appropriate investigations, involving the competent internal functions to take remedial action and requesting the necessary resources, where appropriate, to carry out the relevant investigations, even making use of external assistants and consultants, if the general budget is not sufficient;
- to promptly report any verified violations of the Model that could give rise to liability for the Company to the governing body so that appropriate action can be taken;
- to coordinate with the structure in charge of staff training programmes;
- to update the list of information to be transmitted or kept at its disposal;
- to report periodically to the Board of Directors on the Model's implementation.

In order to perform their duties, the members of the Supervisory Board have free access to all the functions of the Company and to the Company's documentation, with no need to obtain any prior consent.

The Board of Directors will arrange for the appropriate communication of the Supervisory Board's tasks and powers to the various structures. The SB does not have any management powers, decision-making powers relating to the performance of the Company's activities, organisational powers, powers to make changes to the Company's structure, nor any power to impose penalties. The Supervisory Board, as well as the subjects of which it avails itself, in whatever capacity, are required to maintain the confidentiality of all the information of which they may come to have knowledge while performing their functions.

4.2 The Supervisory Board's Reporting to the corporate bodies

The Supervisory Board reports on the Model's implementation, the emergence of any critical issues, and the need for any changes. There are two distinct lines of reporting:

- the first, directly to the Board of Directors, on an ongoing basis, notifying it of any significant circumstances and facts of relevance whenever it deems appropriate.

  The Supervisory Board promptly communicates the occurrence of any extraordinary situations (e.g.: significant violations of the principles contained within the Model resulting from the conduct of the supervisory activities, legislative changes concerning the administrative liability of legal entities, etc.), and any reports received of an urgent nature;
- the second, to the Board of Directors, on an periodic/annual basis, consisting of the preparation of a written report, which must contain at least the following information:
  - the summary of the activities carried out during the half year;
  - any problems that have arisen concerning the manner in which the procedures adopted to implement the Model have been put in place;
- if not addressed in any previous or special reports:
  - the corrective actions to be taken in order to ensure the Model's efficacy and/or effectiveness, including those necessary to remedy any organisational or procedural deficiencies ascertained capable of exposing the Company to the risk of committing the offences relevant for the Decree, including descriptions of any new "sensitive" activities identified;
  - the indication of the verified conduct found not to be consistent with the Model, in compliance with the terms and methods indicated in the disciplinary system adopted by the Company pursuant to the Decree;
  - the summary of the reports received, including any direct findings, concerning alleged violations of the provisions of this Model, the prevention protocols and the relating implementation procedures, as well as the outcomes of the consequent checks performed;
  - disclosure on the commission of any crimes relevant for the Decree;
  - the disciplinary procedures and penalties, if any, applied by the Company for violations of the provisions of this Model, the prevention protocols, and the relative implementation procedures;
  - an overall assessment of the Model's functionality, complete with any proposed additions, corrections and/or amendments;
  - the reporting of any changes to the regulatory framework and/or significant changes to the Company's internal structure that require the Model to be updated;
  - the statement of expenses incurred.

4.3 Disclosure to the Supervisory Board

The Supervisory Board is the recipient of any information, documentation and/or communications, even from third parties, concerning compliance with the Model.

In its control activities, the Supervisory Board establishes the documentation that must be submitted to it on a regular basis.

In particular, with regard to general reporting to the Supervisory Board, this must be carried out in a structured form, through the following reports drawn up on a regular basis:

- list of IT security breaches ("data breaches");
- report summarising the main activities carried out for the purposes of preventing and protecting against workplace risks (reports received, findings following inspections, recorded accidents and other events, minutes of the periodic meeting) as well as the effectiveness and adequacy of the OHS system and the management measures taken;
- list of consultancy assignments granted by direct award;
- list of donations, contributions, and gifts, as well as entertainment expenses exceeding the "modest value" established in corporate documentation (beneficiary, amount, date of payment);
- list of recruitments, and relative selection process, made outside the budget or by waiving the relevant procedure;
- list of new corporate provisions issued (models, directives, regulations, procedures, organisational charts, proxies, powers, etc.) relating to the sensitive activities indicated in the Model;
- list of pending court cases and arbitration proceedings.

They must be transmitted, on the other hand, whenever the following events occur:

- the report issued by the Data Protection Officer (hereinafter the "DPO") regarding the Data Controller's personal data processing methods and the types of security measures taken based on the risk level;
- the outcomes of the inspections/verifications conducted by public legal entities (Labour Inspectorate, Fire Brigade, INAIL, Local Health Authorities, Local Government Authorities, Guardia di Finanza or financial police, etc.);
- list of settlements relating to litigation or legal actions brought;
- the provisions and/or information from judicial police authorities, or any other authority, revealing that investigations that could implicate the Company are being conducted for the crimes referred to by Italian Legislative Decree no. 231/2001, even in relation to unknown persons;
- requests for legal assistance submitted by directors, managers and/or other employees in the case of legal proceedings brought against them relating to the offences referred to by Italian Legislative Decree no. 231/2001, unless expressly prohibited by the judicial authorities;

- reports prepared by the Compliance, Management Control, or other corporate departments within the context of their control activities, from which any critical circumstances, actions, events, or omissions may emerge with respect to compliance with the rules and provisions of the Model;
- information concerning any disciplinary proceedings carried out and any penalties imposed (including measures taken against the employees), or the dismissal of any such proceedings, along with the relative reasons;
- outcomes of the resolutions of the corporate bodies that may entail changes in the structure and functionality of the Model (e.g. changes to the organisational structure, governance, and/or business lines);
- any other critical act or document regarding compliance with the provisions of the Decree or the Model;
- any other information which, despite not being included in the above list, is relevant for the purposes of correct and complete supervision and updating of the Model.

If the Company's Board of Directors might be involved in the commission of an offence or a violation of the Model, the Supervisory Board alone is directly informed.

Finally, the system of delegated and proxy powers adopted by the Company must be communicated to Vivolo's Supervisory Board by the administrative department.

The information flows must reach the Supervisory Board in the manner specifically established by the same.

Any reports concerning evidence or suspected violation(s) of the Model, even submitted anonymously, must be as detailed as possible. They may be submitted in writing, either on paper or using a dedicated email address, in compliance with the whistleblower protection principles.

The SB acts in such a way as to protect whistleblowers against any form of retaliation, discrimination, or penalisation, as well as to ensure the protection of the whistleblower's identity, without prejudice to the legal requirements and the protection of the Company's rights, or those of any individuals who may have been accused by mistake and/or in bad faith.

The Supervisory Board assesses the reports received, and decides on the action to be taken, even consulting with the whistleblower and/or the person responsible for the alleged violation, if necessary.

If the offender is the Board of Directors, the Supervisory Board carries out a preliminary investigation and, after conducting the necessary analyses, takes the most appropriate measures, taking care to notify the Shareholders' Assembly.

The Supervisory Board shall set up a special electronic database or archive in which all reports, information, and notices pursuant to this document shall be retained for a period of 10 years. This without prejudice to compliance with the provisions concerning the confidentiality of personal data and rights of the data subjects.

Only the Supervisory Board is allowed to access the database.

In compliance with the provisions of the whistleblowing legislation, the Company has set up the following reporting channels in order to guarantee the confidentiality of the whistleblower's identity, even with regard to reports submitted by "third parties":

- for communications to the Supervisory Board, the e-mail address odvvivolo@gmail.com, published on the website;

4.4 Internal reporting channel concerning violations of the Model (so-called Whistleblowing)

Any reports concerning evidence or suspected violation(s) of the Model, the Code of Ethics and/or the implementing procedures, as well as any other circumstances relevant for the purposes of Italian Legislative Decree no. 231/2001, even submitted anonymously, must be as detailed as possible, and may be sent to the Supervisory Board in accordance with the Reporting Procedure/Whistleblowing Policy adopted by the Company and communicated to all the recipients.

The SB acts in such a way as to protect whistleblowers against any form of retaliation, discrimination, or penalisation, as well as to ensure the protection of the identity of the whistleblower, the subject reported, and any other subjects mentioned in the report, without prejudice to the legal requirements and the protection of the Company's rights, or those of any individuals who may have been accused by mistake and/or in bad faith.

The Supervisory Board assesses the reports received, and decides on the follow-up actions to be taken, even consulting with the whistleblower and/or the person responsible for the alleged violation, if necessary.

If the offender is the Chairperson or a member of the Board of Directors, the Supervisory Board carries out a preliminary investigation, the outcome of which is sent to the Sole Statutory Auditor, who, after conducting the necessary analyses, takes the most appropriate measures, taking care to notify the Supervisory Board.

Each year, the Supervisory Board also submits a written report to the Board of Directors concerning the degree of the Model's implementation, including a report on the internal reporting channel.

In compliance with the provisions of the whistleblowing legislation, the Company has set up its own internal whistleblowing channel, in order to ensure the confidentiality of the whistleblower's identity (as well as those of the persons involved and mentioned) as well as the protection of the whistleblower and the other protected persons against any form of retaliation. This channel allows for reports to be submitted:

- in written form, using the IT platform accessible via the following link: https://vivolo.wallbreakers.it;
- via voice message, using the voice messaging system provided by the platform https://vivolo.wallbreakers.it; or
- through a direct meeting with the Supervisory Board, if requested by the whistleblower.

The Supervisory Board assesses the reports received and determines any initiatives to be taken, even consulting with the whistleblower and/or the person responsible for the alleged breach and/or any other person deemed useful, if necessary, justifying any conclusions reached in writing. In particular, reports received through the aforementioned channels are handled by the SB, which carries out an initial assessment of the report in order to:

- ascertain whether it falls within the Supervisory Board's competence;

- verify whether it is sufficiently detailed to proceed with a thorough investigation. If the report has the aforementioned characteristics, the Supervisory Board initiates the preliminary investigation and assessment activities, and adopts appropriate corrective measures; otherwise, it archives the report, providing a brief explanatory note. In particular:

  - **Preliminary investigation:** the Supervisory Board assesses the report at its own discretion and under its own responsibility in order to determine the need to carry out specific analyses to ascertain the facts reported therein. This need is determined based on the following elements: (i) information provided with the report; (ii) current procedures in force concerning the events reported; (iii) previous reports/audits on the same subject matter that have already been examined.
  - **Assessment**: the Supervisory Board carries out specific checks (investigation activities), possibly in a confidential manner, depending on the subject matter of the report. Any investigation activity initiated is carried out with the support of the competent functions or external parties, in compliance with all the applicable rules to protect both the whistleblower and any persons involved. If the Supervisory Board determines that it is not necessary to carry out any further checks, it draws up a brief note explaining the analyses carried out, and archives the report.
  - **Corrective measures**: if the investigation reveals the need for corrective action, the Supervisory Board asks the competent functions to implement them.

The Supervisory Board establishes a register of reports, containing details of the reports received, the persons responsible for the relative offences, and any penalties imposed on them.

All the information, disclosures and reports foreseen by the Model are stored by the Supervisory Board in a specific computerised database and/or in hard copy format.

5. Disciplinary and penalty system

5.1 General principles

The Model's effective implementation is also ensured by the provision of an adequate disciplinary system for any violations of the rules of conduct imposed by the aforementioned Model for the purpose of preventing the offences referred to under Articles 6(2)(e) and 7(4)(b) of the Decree, and violations of the internal procedures in general. The disciplinary penalties are applied regardless of whether a crime was actually committed and, therefore, regardless of the enactment or outcome of any criminal proceedings.

Disciplinary penalties may therefore be applied by the Company for any violations of this Model and the Code of Ethics, regardless of whether a crime has been committed or criminal charges are brought by the judicial authorities.

Any violation of the individual provisions of this Model and the Code of Ethics always constitutes a disciplinary offence. In any case, the Supervisory Board must be notified of the proceedings for the imposition of disciplinary penalties or the dismissal of the case.

5.2 Punishable conduct: basic categories

Any actions carried out in violation of the Code of Ethics, the Model, and the internal operating procedures, and failure to comply with any indications and requirements issued by the Supervisory Board are subject to punishment.

The punishable violations can be divided into the following four basic categories, in an increasing order of severity:

- violations not associated with sensitive activities;
- violations associated with sensitive activities;
- violations capable of constituting the objective element of one of the crimes entailing the administrative liability of legal entities;
- violations aimed at committing crimes envisaged by the Decree, or that otherwise entail the possibility of administrative liability for the Company.

Examples of punishable conduct are provided below:

- failure to comply with the procedures required by the Model and/or referred to therein;
- failure to comply with the disclosure obligations required by the control system;
- omitted or false documentation of operations in compliance with the principle of transparency;
- omission of controls by responsible parties;
- unjustified non-compliance with disclosure obligations;
- omitted control over the dissemination of the Code of Ethics by the responsible parties;
- performance of any act aimed at evading control systems;
- engagement in conduct that exposes the Company to the imposition of the penalties envisaged under Italian Legislative Decree no. 231/2001; violations of the measures to protect whistleblowers and other protected persons;

- violations of the whistleblower's protection measures, as well as the submission of reports, with malice or gross negligence, that are proven to be unfounded.

Any retaliation against whistleblowers and other persons protected under the Reporting Procedure/Whistleblowing Policy is also subject to punishment.

5.3 Subjects

All employees, managers, directors and collaborators of the Company, as well as all those who have contractual relations with the Company, by virtue of specific contractual clauses, are subject to the disciplinary and penalty system laid out in this Model.

5.4 Violations of the Model and relative penalties

In accordance with the legislation in force and the principle of typicality of violations and penalties, the Company has drawn up the rules of conduct contained in the Model and in the Code of Ethics, the violation of which constitutes a disciplinary offence, as well as the applicable penalties, proportionate to the seriousness of the violations. With regard to the obligations of diligence, loyalty and fairness that must characterise the performance of work services and the behaviour to be adopted in the work environment, reference should be made to the Code of Ethics, which lays out the violations that can be potentially committed by the employee and the corresponding penalties that may be imposed.

This is without prejudice to the Company's right to seek compensation for damages resulting from the violation of the Model and the Code of Ethics, which will be commensurate:

1. to the employee's level of autonomy;
2. to the seriousness of the consequences of the violation, i.e. the possible implications for the purposes of Italian Legislative Decree no. 231/01;
3. to the level of intentionality of the behaviour;
4. to any previous disciplinary penalties imposed.

The department responsible for initiating and conducting the disciplinary proceedings is the Human Resources Department, which must keep the Supervisory Board constantly informed of the progress of the proceedings, the justifications adopted, the outcome, and any other information that may be of interest to the Supervisory Board.

5.5 Measures adopted against employees, managers, directors, auditors, and other recipients

Employees

Employees must comply with the obligations laid out under Art. 2104 of the Italian Civil Code, which are an integral part of this Model and the Code of Ethics. For non-managerial employees, the penalties that can be imposed, in accordance with the provisions of Art. 7 of Italian Law no. 300/1970 (the so-called Workers' Statute) and any applicable special regulations, are those established by law, as well as by the penalty system laid out in the employment contracts.

In particular, the following provisions should be noted, even in application of the National Collective Labour Agreement (NCLA) for non-managerial staff:

- any worker who violates the internal procedures laid out in this Model (e.g. fails to observe the prescribed procedures, fails to provide the Supervisory Board with the necessary information, etc.), or engages in conduct that does not comply with the provisions of the Model itself or the Code of Ethics while carrying out activities in risk areas, shall receive a verbal or written reprimand.
- any worker who repeatedly violates the internal procedures of the Model or engages in conduct that does not comply with the provisions of the Model itself or the Code of Ethics while carrying out activities in

risk areas, even before such violations have been individually ascertained and contested, shall receive a fine for an amount no greater than four hours' pay.

- any worker who, in violating the internal procedures envisaged by this Model, engaging in conduct that does not comply with the provisions of the Model itself or the Code of Ethics while carrying out activities in risk areas, or performing acts contrary to the interests of the Company, causes damage to Vivolo or exposes it to a situation that poses an objective hazard to the integrity of the Company's assets, shall be suspended from service and pay for a period of 1 to 10 days. The same penalty also applies to any employee who violates the measures aimed at protecting whistleblowers and other protected persons, as well as anyone who submits a report of wrongdoing that later proves to be unfounded (see the "whistleblowing" procedure).
- any worker who engages in conduct that does not comply with the provisions of the Model itself or the Code of Ethics while carrying out activities in risk areas, with the aim of committing an offence among those directly attributable to the Company pursuant to the Decree, shall be dismissed with notice.
- any worker who engages in conduct that is clearly in breach of the provisions of this Model and/or of the Code of Ethics while carrying out activities in risk areas, such as to determine the concrete application of the penalties laid down in the Decree against the Company, shall be dismissed without notice.

No action may be taken against the employee without first having informed him/her of the allegation in writing and without having heard his/her defence. The employee must be notified of the allegation within 15 days of the date upon which the Company became aware of the alleged offence.

Within 5 days of the date in which the allegation was received, the employee may request the opportunity to speak in his/her defence, with the right to be assisted by a representative of the trade union association of his/her choice or to which he/she belongs.

The disciplinary penalty shall be communicated by the Company to the employee no later than 20 days after receipt of the written justification or the date upon which the employee was granted the opportunity to speak in his/her defence.

The type and magnitude of the aforementioned disciplinary penalties are determined based on:

- the intentionality of the conduct or the degree of negligence, recklessness, or inexperience with regard to the foreseeability of the event;
- the worker's overall conduct, with particular regard to whether or not he/she has a disciplinary record, to the extent permitted by law;
- the tasks performed by the worker;
- the functional positions of the individuals involved in the circumstances constituting the disciplinary infringement;
- any other special circumstances surrounding the disciplinary violation.

The Company management is responsible for the ascertainment of the aforementioned infringements, the disciplinary proceedings, and the imposition of the penalties.

The disciplinary system is constantly monitored by the Supervisory Board.

Managers

In the event that managers are found to have committed violations of the internal procedures envisaged by this Model or engaged in conduct that does not comply with the provisions of the Model itself or of the Code of Ethics while carrying out activities in risk areas, the Company management shall impose the most appropriate measures against those responsible, in accordance with the provisions of the relevant National Collective Labour Contract.

Directors

If the Board of Directors violates the procedures laid out in the Model or engages in conduct that does not comply with the provisions of the Model and/or the Code of Ethics while carrying out activities in risk areas, the Supervisory Board shall independently assess the reports to be carried out.

If the offence constitutes a serious infraction, a Shareholders' Assembly shall be convened, which:

- may revoke the mandate of the director responsible for the violation of the Model and/or Code of Ethics, for just cause.

This shall be without prejudice to the Company's right to seek compensation for any damages caused to it by the offending party.

Other recipients

Any failure by collaborators, consultants, suppliers, and other third parties to comply with the rules of conduct indicated in the Model or the provisions and principles established in the Code of Ethics could result in the termination of their specific contractual relationships, in accordance with the provisions of the same. This is without prejudice to the right to seek compensation for any damages incurred as a result of such unlawful conduct, including those resulting from the application of the measures envisaged by Italian Legislative Decree no. 231/2001 by the criminal court.

In the case of professionals and external consultants without written contracts, a declaration must be provided certifying their actual knowledge of the Model and the Code of Ethics, and their commitment to comply with the provisions contained therein in the performance of their work activities.

The Supervisory Board is responsible for assessing the suitability of these types of precautions.

The latter is also responsible for updating the precautions described above, in consultation with the competent Company management figures.

6. Personnel recruitment and training

6.1. Training and dissemination of the Model

In order to effectively implement the Model, the Company ensures the proper disclosure of its contents and principles both internally and externally. The Company's aim is to communicate the Model's contents and principles to subjects who, despite not being formally employed by the Company, work to achieve the Company's objectives by virtue of their contractual relationships (even on an occasional basis).

In fact, the Company intends:

- to ensure that all those who operate in "sensitive" activity areas in its name and on its behalf are aware that any violations of the provisions contained herein could constitute a crime punishable with penalties;
- to inform all those who operate in its name, on its behalf, or otherwise in its interests, in any capacity, that the violation of the provisions contained within the Model will result in the application of appropriate penalties or the termination of the contractual relationship;
- to reiterate that the Company does not tolerate unlawful conduct of any kind, or for any purpose, as such conduct (even if apparently beneficial to the Company) is inconsistent with the ethical principles with which the Company intends to comply.

In terms of content and delivery methods, the training activities aimed at disseminating knowledge of the regulations pursuant to Italian Legislative Decree no. 231/2001 are differentiated based on the recipients' qualifications, the risk level of the areas in which they operate, and whether or not the recipients have Company representation functions.

The Company ensures the adoption and implementation of an adequate level of training through appropriate dissemination tools, such as:

- classroom teaching;
- online training;
- information material.

The training must cover complete knowledge and understanding of the following areas:

- Italian Legislative Decree no. 231/2001: the general principles, the offences envisaged (including those referred to by Italian Law no. 146/2006) and the penalties applicable to the Company;
- the principles of conduct contained in the Model and the Code of Ethics;
- the powers of the Supervisory Board, as well as the obligations to report to the same;
- the disciplinary system;
- the system for reporting offences (whistleblowing).

6.2. Members of corporate bodies, employees, managers, and middle managers

The Company intends to ensure the correct and complete knowledge of the Model and the contents of Italian Legislative Decree no. 231/2001, as well as the obligations arising therefrom.

The training and education activities are managed by the Human Resources Department, with the assistance of the SB, and in close collaboration with the managers of the areas/departments involved in the Model's application.

These training and education efforts are also extended to all those who, although not part of the corporate structure, could abstractly operate in the interest and/or to the advantage of the Company.

However, third parties only receive communication and training with regard to the Code of Ethics.

The adoption of this document is communicated to all persons working for and on behalf of Vivolo at the time of its adoption.

All employees and top managers must sign a specific form certifying their knowledge and acceptance of the Model, of which they are provided a copy in either paper or digital format.

New employees are provided with an information packet containing the General Section of the Model, including the Code of Ethics, which serves to ensure their knowledge of its most important aspects.

Standard contractual clauses are included in the contracts stipulated with external professionals and consultants, which require them to refrain from engaging in any conduct inconsistent with the principles of conduct and the ethical values upheld by the Company. Suppliers of services/equipment/tools with existing contracts or relationships, on the other hand, are provided with a notice informing them that Vivolo has adopted a Model and a Code of Ethics, and has appointed a Supervisory Board. This notice also informs the suppliers that they will be required to comply with the General Section of the Model and the Code of Ethics.

Ongoing training and refresher courses are organised by the competent corporate functions under the supervision of the Supervisory Board, with compulsory periodic meetings being held, the content and frequency of which are determined based on the qualifications of the recipients and their functions.

If deemed necessary by the Supervisory Board, external professionals with specific expertise on the subject matter of the offences attributable to the Company, the analysis of organisational procedures and processes, as well as the general principles of compliance legislation and the relative controls, will also attend the meetings.

The Supervisory Board will be tasked with setting up a specific section of the Company intranet on the topic, to be periodically updated, in order to provide the stakeholders with real time knowledge of any amendments, additions, or new implementations of the Model and the Code of Ethics.

6.3. Other recipients

The Model's contents and principles must also be communicated to any third parties who have contractually regulated relationships with the Company, with particular regard to those operating within the context of activities deemed to be sensitive pursuant to Italian Legislative Decree no. 231/2001.