ORGANIZATION, MANAGEMENT, AND CONTROL MODEL

pursuant to Legislative Decree No. 231 of June 8, 2001, as amended and supplemented

VIVOLO

GENERAL SECTION

REVISION STATUS

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ORGANIZATION, MANAGEMENT, AND CONTROL MODEL

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1. Legislative Decree 231/2001

1.1 General principles of the administrative liability of entities

Legislative Decree No. 231 of June 8, 2001 (hereinafter also referred to as "Legislative Decree 231/2001" or the "Decree"), enacted in execution of the delegation contained in Art. 11 of Law No. 300 of September 29, 2000, introduced into the Italian legal system the liability of entities for administrative offenses resulting from a crime.

In particular, the Decree establishes that entities with legal personality, companies, and associations, even those lacking legal personality, are liable if their senior managers, executives, or those operating under their direction or supervision commit certain strictly identified types of offenses in the interest or to the advantage of the entity itself.

The purpose of the regulation is to raise awareness among entities regarding the need to adopt an internal organization suitable for preventing the commission of offenses by their senior management or persons subject to their control. It should be noted that the administrative liability of the entity does not replace the criminal liability of the natural person who materially committed the so-called predicate offense, but rather adds to it.

For clarity of presentation, the offenses to which this discipline applies can be classified into the following categories:

- Crimes against the Public Administration (Arts. 24 and 25);
- Cybercrimes and unlawful data processing (Art. 24-bis);
- Organized crime offenses (Art. 24-ter);
- Counterfeiting currency, public credit cards, revenue stamps, and identification instruments or signs (Art. 25-bis);
- Crimes against industry and commerce (Art. 25-bis.1);
- Corporate crimes (Art. 25-ter);
- Crimes with purposes of terrorism or subversion of the democratic order (Art. 25-quater);
- Female genital mutilation practices (Art. 25-quater.1);
- Crimes against individual personality (Art. 25-quinquies);
- Market abuse (Art. 25-sexies);
- Manslaughter and serious or very serious bodily harm committed in violation of workplace health and safety protection standards (Art. 25-septies);
- Receiving stolen goods, money laundering, utilization of money, goods, or assets of illicit origin, as well as self-laundering (Art. 25-octies);
- Offenses relating to non-cash payment instruments (Art. 25-octies.1);
- Offenses relating 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 illegally staying third-country nationals (Art. 25-duodecies);
- Racism and xenophobia offenses (Art. 25-terdecies);
- Fraud in sports competitions, illegal gaming or betting, and gambling matches operating via prohibited devices (Art. 25-quaterdecies);
- Tax offenses (Art. 25-quinquiesdecies);
- Smuggling offenses (Art. 25-sexiesdecies);
- Crimes against cultural heritage (Art. 25-septiesdecies);
- Laundering of cultural property and devastation and looting of cultural property and landscape assets (Art. 25-duodevicies);
- Transnational crimes pursuant to Law No. 146 of March 16, 2006.

1.2 Prerequisites for the administrative liability of entities

1.2.1 Active subjects of the predicate offense and their link to the entity

Art. 5, paragraph 1 of the Decree specifies the natural persons whose criminal behavior triggers the administrative liability of entities, by virtue of the theory of organic identification. Under this article, the entity is liable for crimes committed in its interest or to its advantage:

- **a)** by persons who hold representation, administration, or management functions within the entity or one of its organizational units endowed with financial and functional autonomy, as well as by persons who exercise, even de facto, management and control;
- **b)** by persons subject to the direction or supervision of one of the subjects referred to in letter a).

With reference to the subjects identified under letter a), it should be highlighted that the legislator does not require the senior position to be held "formally"; it is sufficient that the functions exercised, even "de facto," are effectively those of management and control (as noted by the Ministerial Report to the Decree, both must be exercised).

1.2.2 Interest or advantage of the entity

As stated, the natural persons whose criminal behavior can give rise to administrative liability must have committed the predicate offense in the interest or to the advantage of the entity. The *interest* of the entity always requires an *ex-ante* assessment of the criminal conduct carried out by the natural person, while the *advantage* always requires an *ex-post* assessment and can be gained by the entity even when the natural person did not act in its interest.

The terms "interest" and "advantage" refer to legally distinct concepts and each has specific and autonomous relevance. For instance, a conduct that initially appeared to be in the interest of the entity might not, in fact, yield the hoped-for advantage *ex-post*. Conversely, the entity is not liable if the persons indicated under section 1.2.1 acted in their own exclusive interest or that of third parties; in such an event, any benefit would be somewhat "fortuitous" and, as such, not attributable to the will of the entity.

In the event that the natural person committed the predicate offense in their own "prevalent" interest or that of third parties and the entity derived no advantage or a minimal advantage, liability will still exist. However, pursuant to and for the purposes of Art. 12, paragraph 1, lett. a) of the Decree, a pecuniary penalty reduced by half (and in any case not exceeding €103,291.38) shall apply.

1.2.3 Predicate offenses of the administrative liability of entities

The administrative liability of the entity can only be configured in relation to those criminal offenses expressly identified as a predicate for administrative liability by Legislative Decree No. 231/2001.

It should be noted that the entity cannot be held liable for an act constituting an offense if its administrative liability in relation to that offense and the relevant sanctions are not expressly provided for by a law that entered into force before the act was committed (the principle of legality).

1.3 Conditions for exemption from the administrative liability of entities

1.3.1 Administrative liability of the entity and predicate offenses committed by persons in senior positions

Articles 6 and 7 of the Decree govern the conditions for exemption from the administrative liability of the Entity.

Based on the provisions of Legislative Decree 231/2001 – Art. 6, paragraph 1, lett. a), b), c), and d) – the Entity can be exempted from liability resulting from the commission of crimes by qualified subjects under Art. 5 if it proves that:

- **a)** the management body adopted and effectively implemented, prior to the commission of the act, organization and management models suitable for preventing offenses of the kind that occurred;
- **b)** the task of supervising the functioning, effectiveness, and compliance with the organization, management, and control model (hereinafter the "Model") and ensuring it is updated has been entrusted to a body of the Entity endowed with autonomous powers of initiative and control;
- **c)** the natural persons committed the crime by fraudulently evading the organization and management models;
- **d)** there was no omitted or insufficient supervision by the Supervisory Body (hereinafter also "SB") referred to in letter b).

Law No. 179 of November 30, 2017 ("Provisions for the protection of authors of reports of crimes or irregularities of which they became aware in the context of a public or private employment relationship") added paragraph 2-bis to Art. 6 of Legislative Decree 231/2001. Its purpose is to regulate the reporting of unlawful conduct (so-called whistleblowing), strengthening the preventive system by protecting reporters from acts of retaliation.

In particular, this regulation required the inclusion in the Model of:

- **a)** "one or more channels enabling the subjects indicated in article 5, paragraph 1, letters a) and b), to submit, for the protection of the Entity's integrity, detailed reports of unlawful conduct, relevant under this decree and based on precise and concordant factual elements, or violations of the organization and management model of the entity, of which they became aware by reason of the functions performed; these channels guarantee the confidentiality of the reporter's identity in report management activities;
- **b)** at least one alternative reporting channel suitable for guaranteeing, through electronic means, the confidentiality of the reporter's identity;
- **c)** a prohibition on retaliatory or discriminatory acts, direct or indirect, against the reporter for reasons linked directly or indirectly to the report;
- **d)** within the disciplinary system adopted pursuant to paragraph 2, letter e), sanctions against anyone who violates the protective measures of the reporter, as well as against anyone who makes reports with malice or gross negligence that turn out to be unfounded."

Following this first regulatory intervention, Legislative Decree 24/2023, which implemented 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 containing provisions regarding the protection of persons who report breaches of national regulatory provisions, completely redesigned the national framework on whistleblowing, introducing a detailed system of protections for individuals who make reports.

One of the main innovations introduced by Legislative Decree 24/2023 concerns the scope of application of the whistleblowing framework in the private sector. It is no longer strictly connected solely to the discipline of Legislative Decree 231/2001 and the adoption of an organizational model by the entity—as provided by the previous Art. 6, paragraphs 2-bis, 2-ter, and 2-quater of Legislative Decree 231/2001—but, under certain conditions, it is also applicable to entities lacking an organizational Model. As for public sector entities, Legislative Decree 24/2023 expands the pool of entities required to adopt reporting channels compared to the previous system.

Regarding specifically entities equipped with a Model pursuant to Legislative Decree 231/2001, the new legislation directly alters the discipline of the model itself:

- Art. 24, paragraph 5 of Legislative Decree 24/2023 replaces the current Art. 6, paragraph 2-bis (and repeals the subsequent paragraphs 2-ter and 2-quater) of Legislative Decree 231/2001, establishing that *"the models referred to in paragraph 1, letter a) provide, pursuant to the legislative decree implementing directive (EU) 2019/1937 [...], for internal reporting channels, the prohibition of retaliation, and the disciplinary system adopted pursuant to paragraph 2, letter e)"*;
- Art. 4, paragraph 1, second sentence of Legislative Decree 24/2023 expressly provides that *"the organization and management models referred to in article 6, paragraph 1, letter a), of legislative decree no. 231 of 2001, provide for the internal reporting channels referred to in this decree"*;
- Art. 21, paragraph 2 of Legislative Decree 24/2023 establishes that private sector entities that have adopted the organizational model *"provide, within the disciplinary system adopted pursuant to article 6, paragraph 2, letter e), of decree no. 231 of 2001, for sanctions against those found responsible for the violations referred to in paragraph 1"*.

Furthermore, compared to the past, Legislative Decree 24/2023 expands both the pool of potential reporters (whistleblowers, previously limited to senior figures and subordinates covered by the organizational model) and the range of protected reporting channels, which, within certain limits and conditions, are also "open" to subjects external to the Entity.

The regulations of Legislative Decree 24/2023 must be read in an integrated manner—specifically regarding the external reporting channel—with the ANAC Guidelines, adopted with resolution No. 311 of July 12, 2023, and the relative Illustrative Report. The ANAC Guidelines also lay down certain prescriptions—to be considered indicative but not binding—regarding internal reporting channels.

In relation to the scope of delegated powers and the risk of offenses being committed, the Organization and Management Models must meet the following requirements:

- **a)** identify the activities within the scope of which offenses may be committed;
- **b)** provide for specific protocols directed at planning the formation and implementation of the entity's decisions in relation to the offenses to be prevented;
- **c)** identify methods for managing financial resources suitable for preventing the commission of offenses;
- **d)** provide for information obligations toward the body appointed to supervise the functioning and compliance with the models;
- **e)** introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

The Model is a complex set of rules and instruments aimed at equipping the entity with an effective organizational and management system, which is also suitable for identifying and preventing criminally relevant conduct carried out by those operating on behalf of the company. Models may be adopted, ensuring the aforementioned requirements are met, also on the basis of codes of conduct drawn up by representative associations of entities, communicated to the Ministry of Justice pursuant to Art. 6, paragraph 3 of the Decree.

In any case, it is important to point out that the Decree outlines a different treatment for the entity depending on whether the predicate offense is committed by:

- **a)** persons who hold representation, administration, or management functions within the entities themselves or one of their organizational units endowed with financial and functional autonomy, or by natural persons who exercise, even de facto, the management and control of the entities;
- **b)** persons subject to the direction or supervision of one of the subjects indicated above.

In the first scenario, the rules of the Decree provide for a so-called "reversal of the burden of proof" regarding the adoption and effective implementation of a Model suitable for preventing the commission of predicate offenses. This means that if an administrative offense resulting from the commission of one or more predicate offenses by a senior manager is contested, it is up to the entity to demonstrate its innocence ("it is not liable if it proves" the existence of everything required by the Decree).

1.3.2 Administrative liability of the entity and predicate offenses committed by individuals subject to the direction of others

Art. 7 of the Decree establishes that if the predicate offense was committed by the persons indicated in Art. 5, paragraph 1, letter b), the entity is liable if the commission of the said offense was made possible by the non-observance of management or supervisory obligations.

Non-observance of management or supervisory obligations is excluded if the entity, prior to the commission of the offense, adopted and effectively implemented an organization, management, and control model suitable for preventing offenses of the kind that occurred.

The model must provide, in relation to the nature and size of the organization as well as the type of activity performed, for measures suitable to guarantee that the activity is carried out in compliance with the law and to discover and eliminate risk situations promptly.

Furthermore, the effective implementation of the model requires:

- **a)** a periodic review and possible amendment of the model when significant violations of the prescriptions are discovered or when changes occur in the organization or activity;
- **b)** a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

1.4 Practical application of Legislative Decree No. 231/01

1.4.1 "Exempting compliance measures" regarding the administrative liability of entities

Therefore, the Decree provides, as a compliance measure with exempting effects for the entity, the adoption of a model that meets the following needs:

- **a)** identify the activities within the scope of which offenses may be committed;
- **b)** provide for specific protocols directed at planning the formation and implementation of the entity's decisions in relation to the offenses to be prevented;
- **c)** identify methods for managing financial resources suitable for preventing the commission of offenses;
- **d)** provide for information obligations toward the body appointed to supervise the functioning and compliance with the models;
- **e)** introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model.

1.4.2 Confindustria Guidelines

As already highlighted, pursuant to Art. 6 of the Decree, models can be adopted, ensuring the aforementioned needs are met, also on the basis of codes of conduct drawn up by associations representing entities, communicated to the Ministry of Justice pursuant to Art. 6, paragraph 3 of the Decree. Confindustria, the main organization representing manufacturing and service companies in Italy, which groups together on a voluntary basis approximately 150,000 companies of all sizes for a total of over 5 million employees, aims by its Statute to contribute, together with political institutions and economic, social, and cultural organizations, both national and international, to the economic growth and social progress of the country.

With this perspective, and to assist member companies, Confindustria issued the "Guidelines for the construction of organization, management, and control models pursuant to Legislative Decree 231/2001". The first version of the Guidelines, developed in 2002 by the Working Group on the "Administrative responsibility of legal persons" set up within Confindustria's Legal Affairs, Finance, and Corporate Law Unit, was approved by the Ministry of Justice in June 2004. Following numerous legislative interventions that amended the framework on the administrative liability of entities, extending its scope of application to additional types of offenses, the Confindustria Working Group updated the Guidelines for building organizational models.

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

The Confindustria Guidelines adapt previous texts to legislative updates, jurisprudence, and application practices that occurred in the meantime, with the aim of providing indications regarding measures suitable for preventing the commission of the predicate offenses provided for in the Decree as of July 2014.

The Guidelines provide associations and businesses—whether affiliated with Confindustria or not—with methodological guidance on how to prepare an organizational model suitable for preventing the commission of the offenses indicated in the Decree.

The indications in this document, whose validity is recognized by the Decree, can be outlined according to the following fundamental points:

- Identification of risk areas, aimed at verifying in which corporate area/sector the offenses provided for by Legislative Decree 231/2001 could be committed;
- Identification of the methods for committing offenses;
- Execution of the risk assessment;
- Identification of control points designed to mitigate the offense risk;
- Gap analysis.

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

- Code of Ethics;
- Organizational system;
- Manual and computerized procedures;
- Authorization and signing powers;
- Control and management systems;
- Communication to personnel and their training.

The components of the control system must be oriented toward the following principles:

- Verifiability, documentability, consistency, and congruence of every operation;
- Application of the principle of separation of functions (no single person can independently manage an entire process);
- Documentation of controls;
- Provision of an adequate disciplinary system for violations of the procedures outlined in the Model;
- Identification of the requirements of the Supervisory Body, which can be summarized as follows:
    - Autonomy and independence;
    - Professionalism;
    - Continuity of action;
- Information obligations of the Supervisory Body and identification of the criteria for choosing such a body.

It is appropriate to highlight 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. Indeed, every organizational model, to exert its preventive effectiveness, must be built taking into account the unique characteristics of the company to which it applies. The crime risk of each company is closely linked to its economic sector, its organizational complexity (not just in terms of size), and the geographical area in which it operates.

Following the entry into force of Law No. 179 of November 30, 2017, Confindustria published an Illustrative Note on whistleblowing that explains the main contents of the reference legislation and provides application clarifications for entities equipped with a 231 Model.

1.4.3 Update of the Confindustria Guidelines

In June 2021, Confindustria published an update to the Guidelines on the administrative liability of entities.

The document, which does not modify the structure of previous updates, provides an overview of the regulatory changes that occurred starting from 2014 and jurisprudential developments.

Among the topics addressed by the 2021 Guidelines, the following can be observed in particular:

- Regarding the strictness of the list of predicate offenses, the introduction of the offense of self-laundering (Art. 648-ter.1 of the Italian Criminal Code) risked making the catalog of predicate offenses no longer a *numerus clausus* but open-ended. On this point, two orientations face each other: the first limits liability to cases where the base offense of self-laundering is also one of the predicate offenses expressly provided for by the Decree, while the other extends liability to further criminal offenses;
- Regarding the concepts of interest and advantage, the Guidelines align with the most recent jurisprudence on the matter, according to which, to identify these criteria, reference must be made to the teleological component of the conduct and to cost savings;
- With reference to disqualification sanctions, the Guidelines carry out a historical overview, emphasizing their greater severity in light of the changes introduced by Law 3/2019 (also known as the "Spazzacorrotti" law);
- The Guidelines encourage the idea of integrated compliance to improve the efficiency and effectiveness of controls and procedures. In this regard, a paragraph is included on the so-called Tax Control Framework, with which the Model must coordinate;
- Still on the topic of compliance systems, the Guidelines introduce a new paragraph titled "Control systems for tax compliance purposes," suggesting possible interaction between the Model and other control instruments;
- The fifth chapter addresses the liability of "Groups of companies," specifying when it is possible to extend liability to related companies. This can occur if the holding company received a concrete advantage and had an actual interest in the realization of the offense committed by the other company, and when the subject acting on behalf of the holding company colludes with the subject who committed the offense on behalf of the subsidiary;
- In the latest version of the Guidelines, a paragraph was introduced regarding compliances aimed at increasing information transparency on corporate activities, as provided for by Legislative Decree 254/2016. Public interest entities meeting certain characteristics must prepare a statement containing non-financial information, which must be compared with what was declared in previous financial years. This statement, whose correction and supervision is entrusted to the same statutory auditor of the financial statements, will be published in the business register along with the management report. Any violations will be verified and sanctioned by Consob;
- Regarding the figure of the Supervisory Body, it is analyzed from two viewpoints. First, the importance of equipping it with an annual budget is highlighted, to enable the best fulfillment of its assigned tasks. Focusing on the independence of the SB, the Guidelines state that internal members must fundamentally be free from operational roles within the company;

- Finally, references to whistleblowing are noteworthy. The Guidelines emphasize the need for individual companies to regulate the entire process: starting from the ways to make reports, moving through management methods, up to achieving an adequate division into phases and responsibilities. The introduction of a dedicated procedure is recommended. Lastly, the use of IT platforms managed by independent and specialized third parties and the activation of dedicated email addresses are suggested. Nevertheless, the most suitable organizational option to precisely identify the recipient of reports can only be found through an analysis of the company's size and organizational characteristics, the possibility of applying regulations regarding the specific sector of activity, and based on any reference corporate groups.

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

Following the reform brought to whistleblowing by the aforementioned Legislative Decree 24/2023 and the ANAC Guidelines on external reporting channels adopted in July 2023, Confindustria issued an Operational Guide in October 2023.

1.5 Administrative sanctions applicable to entities

The Decree outlines four types of administrative sanctions applicable to entities for administrative offenses resulting from a crime:

1. **Pecuniary penalties** (and conservative seizure during precautionary proceedings), applicable to all offenses;
2. **Disqualification sanctions**, applicable also as a precautionary measure and only in cases of particular gravity, with a duration of no less than three months and no more than two years, which may consist of:
    - Disqualification from exercising the activity;
    - Suspension or revocation of authorizations, licenses, or concessions functional to the commission of the offense;
    - A ban on contracting with the Public Administration, except to obtain the services of a public utility;
    - Exclusion from benefits, funding, contributions, or subsidies, and the possible revocation of those already granted;
    - A ban on advertising goods or services;
3. **Confiscation** (and preventive seizure during precautionary proceedings);
4. **Publication of the sentence** (in case a disqualification sanction is applied).

The rationale behind the sanctioning framework is clear: pecuniary and disqualification sanctions aim to target both the entity's assets and its operations, while the introduction of the confiscation of profit aims to counter unjust enrichment achieved through the commission of crimes.

Pecuniary penalties

The pecuniary penalty is the fundamental sanction, always applicable to all administrative offenses resulting from a crime. The pecuniary penalty is applied in quotas, numbering no fewer than one hundred and no more than one thousand.

The judge determines the number of quotas taking into account the gravity of the act, the degree of responsibility of the entity, and the activities carried out to eliminate or mitigate the consequences of the act and to prevent the commission of further offenses.

The amount of a quota ranges from a minimum of €258.23 to a maximum of €1,549.37 and is fixed based on the economic and financial conditions of the entity to ensure the effectiveness of the sanction. In any case, the amount of the quota is always fixed at €103.29 if:

- **a)** the perpetrator committed the act in their own prevalent interest or that of third parties and the entity derived no advantage or a minimal advantage (Art. 12, paragraph 1, lett. a, of the Decree);
- **b)** the financial damage caused is of particular low gravity (Art. 12, paragraph 1, lett. b, of the Decree).

Furthermore, the pecuniary penalty is reduced by one-third to one-half if, before the opening declaration of the first-instance trial:

- **a)** the entity has fully compensated for the damage and eliminated the harmful or dangerous consequences of the crime, or has effectively taken steps to that end;
- **b)** an organizational model suitable for preventing offenses of the kind that occurred has been adopted and made operational.

If both conditions are met, the sanction is reduced by one-half to two-thirds. In any case, the pecuniary penalty cannot be less than €10,329.14. Therefore, to quantify the monetary value of a single quota, the criminal judge must operate a "dual process": first, determine the number of quotas based on the indexes of gravity, degree of responsibility, and mitigation work, and subsequently determine the monetary value of the single quota considering the economic conditions of the entity. Finally, two reduction hypotheses are provided:

- The first concerns cases where the act is of particularly low gravity, where the pecuniary penalty cannot exceed €103,291.00 nor be less than €10,329.00;
- The second depends on the remediation or restitution of the offense carried out.

In any case, Art. 27 of the Decree fixes an uncrossable limit to the amount of the sanction, establishing that the entity can be called upon to answer for the payment of the pecuniary penalty only within the limits of its common fund or assets.

Disqualification sanctions

Disqualification sanctions apply jointly with the pecuniary penalty, but only in relation to predicate offenses for which they are expressly provided. Their duration cannot be less than three months and cannot exceed two years.

The disqualification sanctions provided by the Decree are:

- **a)** disqualification from exercising the activity (entails the suspension or revocation of authorizations, licenses, or concessions functional to carrying out the activity and applies only when the imposition of other disqualification sanctions is inadequate);
- **b)** suspension or revocation of authorizations, licenses, or concessions functional to the commission of the offense;
- **c)** a ban on contracting with the Public Administration (can be limited to certain types of contracts or administrations), except to obtain the services of a public utility;
- **d)** exclusion from benefits, funding, contributions, or subsidies, and the possible revocation of those already granted;
- **e)** a ban on advertising goods or services.

If necessary, disqualification sanctions can be applied jointly. Their application can paralyze the entity's activities or significantly condition them by limiting its legal capacity or stripping it of financial resources.

Since these are particularly heavy sanctions, the Decree establishes that they can be applied only if at least one of the following conditions is met:

- **a)** the entity derived a significant profit from the crime, and the crime was committed by senior managers or by individuals subject to the direction of others when, in this latter case, the commission of the crime was caused or facilitated by serious organizational deficiencies;
- **b)** in case of repeated offenses.

However, these sanctions do not apply if:

- The perpetrator committed the act in their own prevalent interest or that of third parties and the entity derived no advantage or a minimal advantage;
- The financial damage caused is of particularly low gravity.

Furthermore, they do not apply when, before the opening declaration of the first-instance trial, the following conditions occur jointly (reparation of the consequences of the crime):

- The entity has fully compensated for the damage and eliminated the harmful or dangerous consequences of the crime, or has effectively taken steps to that end;
- The entity has eliminated the organizational deficiencies that caused the crime by adopting and implementing organizational models suitable for preventing crimes of the kind that occurred;
- The entity has made the profit achieved available for confiscation.

Publication of the conviction sentence

The publication of the conviction sentence can be ordered when a disqualification sanction is applied against the entity.

The sentence is published only once, in extract or in full, in one or more newspapers indicated by the judge, which will presumably be specialized or sector-specific newspapers, or it may be published by posting notice in the municipality where the entity has its main headquarters, all at the complete expense of the entity. This sanction is purely afflictive and aims to impact the entity's public image negatively.

Confiscation of the price or profit of the crime

Upon conviction, the confiscation of the price or profit of the crime is always ordered against the entity, except for the part that can be returned to the injured party and preserving rights acquired by third parties in good faith. When it is not possible to execute the confiscation of the price or profit directly, it can target sums of money, goods, or other utilities of equivalent value to the price or profit of the crime (value-equivalent confiscation).

The "price" of the crime refers to the assets, money, or other utilities given or promised to induce or instigate the commission of the criminal conduct. The "profit" of the crime refers to the immediate economic consequence derived from the offense.

Value-equivalent confiscation has recently become one of the most widely used tools to combat profit-driven crime. This sanction also has a direct criminal matrix.

The Company considers the Model not exclusively as a tool for preventing the crimes provided for by Legislative Decree 231/2001, but as an integral element of its system of governance, risk management, and internal control.

Therefore, the Model is integrated with:

- The Corporate Code of Ethics;
- The system of delegations and powers of attorney;
- The certified management systems adopted by the Company;
- Internal corporate procedures;
- The disciplinary system;
- The whistleblowing report management system;
- ESG principles and production chain sustainability;
- The privacy compliance and cybersecurity system.

The Company promotes a corporate culture based on legality, transparency, traceability of operations, segregation of functions, and the accountability of corporate units.

2. Governance Model and Organizational Structure

2.1 The Company

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

The initiative undertaken by the Company to adopt the Model was taken in the belief that its adoption, beyond the prescriptions of the Decree which indicate the Model as optional and not mandatory, can constitute a valid tool to raise awareness among employees.

Vivolo is a leader in the production and sale of leather accessories for the Fashion industry with a green perspective. It was founded in 1977, when Luciano and Marianna Vivolo decided to use leather scraps—what seemed like simple waste 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 maneuver, which grew from sales in Bolognese haberdasheries to expanding across the entire national territory, eventually embracing the wholesale market.

The Company may carry out study, research and development, maintenance, assistance, and licensing activities for trademarks, industrial patents, know-how, and industrial property rights in general within the previously indicated sectors. To achieve the corporate purpose, the Company can perform all necessary acts, at the sole discretion of the administrative body.

The Company operates in an international supply chain characterized by:

- Commercial relations with customers and suppliers;
- Use of raw materials and semi-finished products;
- Import/export activities;
- Management of environmental and sustainability aspects;
- Use of integrated IT systems;
- Management of quality and environmental certifications.

These characteristics were considered within the scope of the risk assessment activity pursuant to Legislative Decree 231/2001.

In consideration of the presence of import/export activities and the management of international commercial relations, the Company considers relevant the risks associated with:

- Compliance with customs regulations;
- Correct classification of goods;
- Management of product origin;

- Authenticity of commercial and customs documentation;
- Controls regarding export control and international compliance.

The Company also considers relevant the environmental risks associated with:

- Waste management;
- Environmental documentary traceability;
- Obligations provided for by the RENTRI regulations;
- Management of environmental forms and registers;
- ESG aspects and sustainability of the production chain.

2.2 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 provisions on personal data protection set forth in EU Regulation 2016/679 (GDPR), as well as in Legislative Decree No. 196/2003 (Privacy Code), as amended by the adapting Legislative Decree 101/2018.

Cybersecurity and IT Security Safeguards

The Company recognizes the growing relevance of cyber risks and crimes associated with the use of corporate digital systems, also in light of the evolution of cyber threats and the progressive digitization of corporate processes.

The Company therefore adopts organizational, technical, and procedural measures aimed at:

- Guaranteeing the logical and physical security of IT systems;
- Protecting the confidentiality, integrity, and availability of data;
- Preventing unauthorized access to corporate systems;
- Correctly managing credentials and authorization privileges;
- Monitoring any IT anomalies and cyber incidents;
- Preventing phenomena such as phishing, malware, ransomware, and data loss;
- Guaranteeing adequate backup and disaster recovery systems;
- Ensuring the traceability of relevant operations carried out on corporate systems.

IT systems, ERP management software, cloud services, and digital tools form an integral part of the internal control system and the safeguards for preventing the offenses referred to in Art. 24-bis of Legislative Decree 231/2001.

Vivolo's governance system is currently structured as follows:

- **Shareholders' Meeting:** represents the universality of the shareholders and is competent to resolve on matters reserved to its competence by law and the Articles of Association;
- **Board of Directors:** invested with the broadest powers for the ordinary and extraordinary administration of the Company, it can perform all acts it deems appropriate for implementing the corporate purpose.

Vivolo's organizational structure is characterized by a separation of competences, roles, and responsibilities for each corporate area to ensure both a precise definition of functions and maximum efficiency in carrying out activities.

The organizational structure of the Company is currently divided into the following functions:

- Direction / Management
- Administration
- Purchasing
- Sales / Commercial
- Production

2.3 The Company's Governance Instruments

The Company equips itself with the following corporate governance instruments to guarantee the functioning of the organization:

- Articles of Association;
- Code of Ethics;
- Corporate Org Chart;
- Certified ISO 9001:2015 System;
- Certified ISO 45001:2018 System;
- Certified ISO 14001:2015 System;
- Certified OEKO-TEX System;
- Global Recycled Standard;
- FSC C168709;
- Privacy Governance Model (GDPR, EU Reg. 679/2016).
- **Articles of Association:** the corporate charter adopted by Vivolo, containing all the rules and standards governing the relationships between the shareholders and the Company, in compliance with the provisions of the Civil Code.
- **Code of Ethics:** Vivolo has established a Code of Ethics (Annex A) whose ultimate goal consists in disseminating and making known to all commercial partners, employees, collaborators, professionals, and counter-parties all the values of the Company itself, which they are required to adhere to. Honesty, integrity, and compliance with laws, regulations, and ethical codes constitute the founding values of the organizational culture and the activities carried out by the Company.

The Model presupposes compliance with the provisions of the Code of Ethics, forming with it an integrated body of internal rules aimed at spreading a culture marked by ethics and corporate transparency. The Company's Code of Ethics, including all its future reformulations, is understood here as fully cross-referenced and constitutes the essential foundation of the Model, whose provisions complement those provided therein.

- **Corporate Org Chart:** shows the current organizational structure and was designed and developed to take into account the unique operational and dimensional aspects of the Company.
- **Privacy Governance Model:** the Company has set up its privacy compliance Model through the adoption and implementation of specific documents contained in the Privacy Management Model pursuant to EU Regulation 679/2016.

Adequate organizational, administrative, and accounting structures

The Company recognizes the importance of adopting organizational, administrative, and accounting structures adequate to the nature and size of the business, pursuant to Art. 2086 of the Italian Civil Code.

Within this framework, the Company promotes:

- Clear assignment of roles, responsibilities, and delegations;
- Traceability of decision-making processes;
- Planning and control systems;
- Monitoring of corporate risks;
- Safeguarding business continuity;

- Management reporting systems;
- Monitoring of economic-financial indicators;
- Escalation procedures for anomalies;
- Information flows toward corporate bodies and the Supervisory Body.

The 231 Model constitutes an integral part of the broader governance and internal control system adopted by the Company.

2.4 Internal Control System

The Company is equipped with an internal control system designed to manage over time the risks typical of social activities. The internal control system is a set of rules, practices, procedures, and organizational structures aimed at enabling the identification, measurement, management, and monitoring of main risks. The internal control and risk management system meets the need to guarantee:

- **(i)** the effectiveness and efficiency of processes and operations;
- **(ii)** the quality and reliability of economic and financial information;
- **(iii)** compliance with laws and regulations, as well as the articles of association, internal rules, and procedures;
- **(iv)** the safeguarding of the value of assets and social heritage;
- **(v)** the identification, prevention, and management of financial and operational risks and fraud to the detriment of the Company.

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

- **a)** clear description of reporting lines;
- **b)** knowability, transparency, and publicity of assigned powers (within the Company and toward interested third parties);
- **c)** clear and formal delimitation of roles, with a full description of the tasks of each function, its relevant powers, and responsibilities.

Internal procedures to be adopted must be characterized by the following elements:

- Separation, within each process, between the subject who takes the decision (decision-making impulse), the subject who executes said decision, and the subject entrusted with controlling the process (so-called "segregation of duties");
- Written track of each relevant step of the process (so-called "traceability");
- Adequate level of formalization;
- Adequate training activity for the functions involved.

The certified management systems adopted by the Company constitute an integral part of the internal control system and represent specific safeguards for preventing relevant risks under Legislative Decree 231/2001.

Procedures, audits, operational controls, documentary systems, and monitoring activities provided for by ISO standards and other certifications adopted by the Company constitute elements supporting the effective implementation of this Model.

In particular:

- The **ISO 9001** system constitutes a safeguard regarding quality, traceability, operational controls, and document management;
- The **ISO 14001** system constitutes a safeguard for the management of environmental aspects and environmental crimes;

- The **ISO 45001** system constitutes a safeguard for managing safety aspects and workplace safety crimes;
- The **GDPR privacy and cybersecurity** system constitutes a safeguard within the scope of cybercrimes and unlawful data processing;
- **ESG and sustainability** monitoring systems support the management of reputational, environmental, and social risks in the supply chain;
- The certified **Oeko-Tex** system guarantees the Company's commitment to preventing and mitigating risks associated with the use of harmful substances, promoting sustainable production processes, and ensuring compliance with applicable regulations and best international practices.

3. The Company's Organization and Management Model

3.1 Objectives and function of the Model

By adopting a Model compliant with the prescriptions of the Decree, Vivolo highlights that it operates under conditions of fairness and transparency in conducting business and corporate activities.

The adoption of the Model represents a tool to raise awareness among all employees and all other subjects closely involved with Vivolo's corporate reality (suppliers, customers, consultants, etc.), so that they maintain fair and linear behavior in carrying out their activities, such as to prevent existing crime risks.

In particular, through the adoption of the Model, the Company aims to:

- Make all those who work in the name and on behalf of Vivolo, and especially those operating in risk areas, aware that in the event of violations of the provisions of the Model, they may commit offenses liable to criminal sanctions against themselves, and "administrative" sanctions imposable on the Company;
- Make the aforementioned subjects aware that such unlawful conduct is strongly condemned by the Company, as it is always contrary not only to legal provisions but also to the corporate culture and ethical principles assumed as guidelines in business activities;
- Protect individuals who report unlawful conduct or violations of the Model, ensuring that following the reports, no retaliatory or discriminatory act is carried out against the reporter;
- Allow the Company to intervene promptly to prevent or counter the commission of crimes (listed in the special part of the Decree), or at least to significantly reduce the damage produced by them;
- Foster a significant leap in quality in terms of transparency of corporate governance and Vivolo's image.

It is highlighted that, without prejudice to the objectives and purposes stated above, the Company is well aware that the assessment of the Model concerns its suitability to minimize, and not to exclude *tout court*, the realization of one of the crimes listed in the special part of the Decree by individual subjects. This is confirmed by the fact that the Decree expressly requires that the Model must be suitable not so much to prevent the specific crime that occurred, but rather the *typology* of crime to which the one actually carried out belongs.

The internal control system adopted by the Company is based on the following principles:

- Segregation of functions;
- Traceability of operations;
- Formalization of responsibilities;
- Authorization controls;
- Second-level controls;
- Monitoring of sensitive processes;
- Document management;
- Information flows toward the Supervisory Body;

- Periodic audits;
- Management of anomalies and non-conformities.

The Company also promotes continuous improvement processes through internal audits, documentary checks, training activities, and monitoring of corporate KPIs.

3.2 Recipients of the Model

The rules contained in the Model apply primarily to those who perform representation, administration, or management functions of the Company, as well as to those who exercise, even de facto, the management and control of the Company. Furthermore, the Model applies to all employees of the Company, including seconded employees, who are required to respect with maximum fairness and diligence all provisions and controls contained therein, as well as the relevant implementation procedures.

The Model also applies, within the limits of the existing relationship, to those who, although not belonging to the Company, operate under mandate or on behalf of the same or are otherwise linked to the Company by relevant legal relationships. To this end, in existing contracts or relationships with suppliers of services/equipment/tools, an information notice is given communicating that Vivolo has adopted a Model and a Code of Ethics, while in contracts and appointment letters with external professionals and consultants, express reference to the Code of Ethics and the General Section of the Model is provided.

In particular, with reference to any partners, in Italy and abroad, with whom the Company may operate, while respecting the autonomy of individual legal entities, the Company will promote the adoption of an internal control system designed to prevent predicate offenses. This will be pursued by sending specific information notices to suppliers or by inserting a specific "231 clause" inside new contracts/letters of appointment signed with external professionals and consultants, all to guarantee that they align their conduct with the principles set by the Decree and sanctioned in the Code of Ethics.

Recipients of the Model are also required to:

- Collaborate with the Supervisory Body;
- Guarantee the correctness and completeness of information flows;
- Report any anomalies, violations, or risk situations;
- Observe applicable corporate procedures;
- Participate in training activities organized by the Company.

3.3 Structure of the Model: General Section and Special Section

The Model is divided into this "General Section," which contains its fundamental principles, and a "Special Section," divided into chapters, whose content refers to the types of offenses provided for by the Decree and deemed potentially verifiable within the Company.

Consistent with the structure provided by the Guidelines for drafting the Model, the General Section, after an introduction on the purpose and main contents of Legislative Decree 231/2001, provides indications on the organizational layout, governance instruments, and the internal control system of the Company. In this chapter, following the definition of the function and recipients of the Model, the methods adopted by the Company for its adaptation and updating are indicated.

Further on in the document, the following will be addressed:

- The roles, responsibilities, and information flows of the Supervisory Body;
- The methods for reporting unlawful conduct;
- The disciplinary and sanctioning system;
- The criteria for personnel selection and training, as well as the methods for disseminating the Model.

In the Special Section, the corporate activity areas are addressed in relation to the different types of crimes provided for by the Decree and Law No. 146/2006 deemed potentially occurrence-likely within the Company.

In the event that it becomes necessary to issue additional specific chapters of the Special Section regarding new types of offenses that might be included in the scope of the Decree in the future, the Administrative Body of the Company is empowered to integrate this Model through a specific resolution, also upon indication and/or prior consultation with the Supervisory Body.

The Company intended to prepare a Model that took into account its specific corporate reality, consistent with its governance system and capable of valuing existing controls and bodies. Therefore, the Model represents a coherent set of principles, rules, and provisions that:

- Impact the internal functioning of the Company and the ways in which it relates to the outside world;
- Regulate the diligent management of a control system for Crime Risk Areas, aimed at preventing the commission or attempted commission of the crimes referred to in the Decree.

In particular, Vivolo s.r.l.'s Model consists of:

- A **"General Section"**, which contains the core principles of the Model itself;
- A **"Single Special Section"** containing the indication of the Crimes included in the scope of "231 offenses," the identified Crime Risk Areas, and the description of the preventive controls implemented/to be implemented by the Company to prevent the commission of the crimes provided for by Legislative Decree 231/01 deemed relevant for the Company.

Following the risk assessment activity carried out by the Company, certain types of offenses provided for by Legislative Decree 231/2001 were considered abstractly configurable but concretely non-relevant or characterized by an extremely contained residual risk level in relation to the activities performed by the Company. This assessment was carried out considering: the operational sector, the organizational structure, the typology of corporate processes, the presence of specific control safeguards, and the operational characteristics of the Company.

The general principles of control, legality, transparency, segregation of duties, and traceability provided for by this Model remain applicable in any case, also with reference to offenses not specifically addressed in the Special Section.

In particular, the following offenses were deemed not relevant:

- Computer Fraud of the electronic signature certifier (Art. 24-bis of the Decree);
- Counterfeiting currency, public credit cards, revenue stamps, and identification instruments (Art. 25-bis of the Decree);
- Female genital mutilation practices (Art. 25-quater.1 of the Decree);
- Market abuse offenses (Art. 25-sexies of the Decree);
- Offenses of fraud in sports competitions, illegal gaming or betting, and gambling matches operating via prohibited devices (Art. 25-quaterdecies of the Decree).

3.4 Criteria for updating the Model

The Supervisory Body proposes to the Management the opportunity to update the Model if new elements—whether regulatory, organizational, or regarding corporate structure—are such as to affect its efficiency and effectiveness.

In particular, the Model may be updated if:

- Violations of the prescriptions of the Model are found;
- Changes occur in the internal structure of the Company;
- Amendments to the reference legislation are enacted.

In order to guarantee that variations to the Model are operated with necessary promptness and effectiveness, without incurring coordination defects between operational processes, the prescriptions of the Model, and their dissemination, the Administrative Body may periodically introduce modifications to the Model that pertain to descriptive aspects. It is specified that the expression "descriptive aspects" refers to elements and information derived from acts resolved by the Administrative Body (such as the redefinition of the org chart) or from functions equipped with a specific delegation (e.g., new procedures).

The resolution of updates and/or adaptations of the Model due to the following factors remains, in any case, the exclusive competence of the Administrative Body:

- Enactment of regulatory amendments regarding the administrative liability of entities;
- Identification of new sensitive activities, or variation of previously identified ones, also possibly connected to the launch of new activities;
- Commission of crimes referred to in Legislative Decree 231/2001 by recipients of the Model's provisions or, more generally, significant violations of the Model;
- Detection of deficiencies and/or gaps in the Model's provisions following checks on its effectiveness.

The SB retains, in any case, precise tasks and powers regarding the care, development, and promotion of constant updates to the Model. To this end, it formulates observations and proposals relating to the organization and control system to the structures appointed for this purpose or, in cases of particular relevance, to the Administrative Body.

4. Supervisory Body

4.1 Requirements of the Supervisory Body

Based on the provisions of the Decree, the entity can be exempted from liability resulting from the commission of crimes by senior figures or subordinates if the managing body—in addition to having adopted and effectively implemented an organization model suitable for preventing crimes—has entrusted the task of supervising the functioning and compliance with the model and taking care of its update to a body of the entity endowed with autonomous powers of initiative and control.

Entrusting the aforementioned tasks to a body endowed with autonomous powers of initiative and control, together with the correct and effective execution of the same, represents an indispensable prerequisite for exemption from liability.

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

- **Autonomy and independence:** the body must be integrated as a staff unit in a hierarchical position as high as possible and reporting to the highest operational corporate top must be provided. Furthermore, no operational tasks must be attributed to the body which, by their nature, would jeopardize its objectivity of judgment. Lastly, it must be able to perform its function in the absence of any form of interference and conditioning by the entity, and particularly by corporate management;
- **Professionalism:** the body must possess the wealth of knowledge, tools, and techniques necessary to perform its activity effectively;
- **Continuity of action:** for an effective and constant implementation of the organizational model, through the execution of periodic checks.

The Company opted, upon approval of the Model, for the appointment of a monocratic (single-member) Body. It is not excluded that, subsequently, a collegial Body may be appointed.

The Supervisory Body must be established by resolution of the Board of Directors. It remains in office for three years, tacitly renewable. At the expiration of the term, the component or components of the Supervisory Body remain in office until new appointments resolved by the Board of Directors take effect. Termination from office due to expiration of the term takes effect from the moment the new SB is formed.

For the SB, the same causes of ineligibility and forfeiture apply as exist pursuant to Art. 2399 of the Italian Civil Code. The SB can be removed by the Board of Directors only for just cause. Removal must be resolved following a hearing of the parties concerned.

In case of termination, removal, death, resignation, or forfeiture of one of the members of the SB, the Board of Directors is obliged to promptly provide for the appointment of the new member.

The members of the SB must not have been subjected to criminal proceedings or convicted by a sentence (even if not final) for one of the crimes referred to in Legislative Decree No. 231/2001.

The compensation for the office of external member of the Supervisory Body, for the entire duration of the mandate, is established in the resolution of the Board of Directors that made the appointment. Appointment as a member of the Supervisory Body is conditional upon the presence of subjective eligibility requirements. The following causes of ineligibility and/or incompatibility apply, in addition to any provided for by applicable standards:

- Conflicts of interest, even potential, with the company such as to jeopardize the independence required by the role and tasks proper as a member of the Supervisory Body;
- Individuals linked by relationships of kinship, marriage (or cohabitation situations comparable to marriage) or affinity within the fourth degree to the directors, statutory auditors, and independent auditors of the Company, senior figures, or directors of parent or subsidiary companies;
- Ownership, direct or indirect, of shareholdings of such an entity as to allow exercising a significant influence over the Company;
- Individuals with administration functions, with delegations, or executive assignments at the Company or at other companies of the group;
- Conviction sentence, even if not final, or a sentence applying the penalty upon request (so-called plea bargaining) for the crimes referred to in the Decree, or which due to their particular gravity affect the moral and professional reliability of the subject;
- Conviction, by sentence, even if not final, to a penalty that carries disqualification, even temporary, from public offices, or temporary disqualification from executive offices of legal persons and enterprises.

The above-mentioned grounds for incompatibility and/or ineligibility and the connected self-certification must be considered also with reference to any external consultants involved in the activity and performance of tasks proper to members of the Supervisory Body. Termination of office is determined by resignation, forfeiture, removal, and, regarding members appointed by reason of the function they hold within the company, by the loss of ownership of that function.

Resignation by members of the SB can be exercised at any time and must be communicated to the Board of Directors in writing, along with the reasons that determined it. Members of the Supervisory Body can be removed exclusively for just cause, via a specific resolution of the Board of Directors. In this regard, just cause for removal shall mean, by way of example:

- Disqualification or incapacitation, or a serious illness that renders the member of the Supervisory Body unfit to perform their supervisory functions, or an illness that causes absence for a period exceeding six months;

- Assignment to the member of the Supervisory Body of operational functions and responsibilities, or the occurrence of events, incompatible with the requirements of autonomy of initiative and control, independence, and continuity of action proper to the Supervisory Body;
- Loss of subjective requirements of honorability, integrity, respectability, and independence present at the time of appointment;
- The existence of one or more of the cited causes of ineligibility and incompatibility;
- A serious breach of the duties proper to the Supervisory Body.

In such scenarios, the Board of Directors promptly provides to appoint the new member of the Supervisory Body replacing the one removed. If, on the other hand, removal is exercised against all members of the Supervisory Body, the Board of Directors will simultaneously appoint a new Supervisory Body, to ensure continuity of action.

The Supervisory Body will carry out the following activities:

1. Supervise compliance with the prescriptions of the Model, in relation to the different types of crimes contemplated by the Decree and subsequent laws that extended its field of application, through the definition of an activity plan aimed also at verifying the correspondence between what is abstractly provided by the Model and the conduct concretely maintained by subjects required to respect it;
2. Verify the adequacy of the Model both with respect to preventing the commission of crimes referred to in Legislative Decree 231/2001 and with reference to the ability to bring to light the occurrence of any unlawful conduct;
3. Verify the efficiency and effectiveness of the Model also in terms of correspondence between operational methods adopted in practice and procedures formally provided for by the Model itself;
4. Verify the maintenance over time of the efficiency and effectiveness requirements of the Model;
5. Carry out, also through appointed functions, periodic inspection and control activities, of a continuous and surprise nature, considering the various intervention sectors or types of activities and their critical points to verify the efficiency and effectiveness of the Model;
6. Signal any need to update the Model, where adjustment needs are found in relation to changed corporate conditions, regulatory evolution, or hypotheses of violation of its contents;
7. Monitor the periodic updating of the system for identifying, mapping, and classifying sensitive activities;
8. Detect any behavioral deviations that might emerge from the analysis of information flows and reports which managers of various functions are required to submit;
9. With reference to the reporting of offenses, verify the adequacy of information channels prepared in application of whistleblowing regulations so that they ensure compliance with reference legislation;
10. Manage the internal reporting channel, specifically performing the following activities:
    - Receipt of reports through the channel prepared by the Company;
    - Notice to the reporter of the receipt of the report within 7 days from the receipt date;
    - Dialogues with the reporter within the times provided by law (requests for clarifications/documents, feedback, etc.);
    - Assessment of the admissibility and typology of the report received;
    - Correct and complete retention of documentation;
    - Preparation of reports on received notifications, addressed to corporate Management and the Sole Statutory Auditor;
    - Preparation of reports on periodic checks carried out as manager on system maintenance;
    - Periodic verification of the availability of clear information on the channel, procedures, and prerequisites for making internal and external reports;
11. Promote the activation of any disciplinary proceedings in relation to serious violations found during supervision;
12. Verify and assess, together with appointed functions, the suitability of the disciplinary system pursuant to and for the effects of Legislative Decree 231/2001, supervising, as far as the whistleblowing system is concerned, compliance with the ban on "retaliatory or discriminatory acts, direct or indirect, against the reporter for reasons linked directly or indirectly to the report";

13. Promote initiatives for spreading knowledge and understanding of the Model and its various components (including the whistleblowing system), as well as for personnel training and raising awareness regarding compliance with principles contained in the Model;
14. Promote communication and training interventions on the contents of Legislative Decree 231/2001, on the impacts of the regulations on the Company's activity, and on behavioral rules.

To pursue its purposes, the Supervisory Body must:

- Examine any reports of offenses received and carry out necessary and appropriate verifications, involving competent internal functions to adopt remedial actions and requesting, if necessary, resources required to perform relative checks, utilizing auxiliaries and external consultants if the general budget is insufficient;
- Promptly signal to the managing body, for appropriate measures, verified violations of the Model that could involve the onset of liability for the Company;
- Coordinate with the structure appointed for personnel training programs;
- Update the list of information that must be transmitted to it or kept at its disposal;
- Report periodically to the Board of Directors regarding the implementation of the Model.

To perform its tasks, members of the Supervisory Body have free access to all functions of the Company and corporate documentation, without the need for any prior consent. The Board of Directors will ensure adequate communication to structures regarding the tasks of the Supervisory Body and its powers. The SB is not entitled to management powers or decision-making powers relating to carrying out the Company's activities, organizational powers, or alteration of the Company's structure, nor sanctioning powers. The SB, as well as subjects whose services the Supervisory Body utilizes for any reason, are required to respect the confidentiality obligation on all information they became aware of in exercising their functions.

4.2 Reporting by the Supervisory Body to corporate bodies

The Supervisory Body reports regarding Model implementation, the emergence of any critical aspects, and the need for modification interventions. Two separate lines of reporting are provided:

- **The first, on a continuous basis**, directly toward the Board of Directors, informing it whenever it deems appropriate on significant circumstances and acts of its office. The Supervisory Body immediately communicates the occurrence of extraordinary situations (for example: significant violations of principles contained in the Model emerged following supervisory activity, legislative innovations regarding the administrative liability of entities, etc.) and received reports carrying an urgent character;
- **The second, on an annual periodic basis**, toward the Board of Directors, through the preparation of a written report, which must contain at least the following information:
  - A summary of activities carried out in the semester;
  - Any problems arisen regarding implementation methods of procedures adopted in execution of the Model;
  - If not covered by previous specific reports:
    - Corrective actions to be introduced to ensure the effectiveness and/or efficiency of the Model, including those necessary to remedy verified organizational or procedural deficiencies capable of exposing the Company to the danger of relevant crimes under the Decree being committed, including a description of any new "sensitive" activities identified;
    - Always respecting the terms and methods indicated in the disciplinary system adopted by the Company pursuant to the Decree, the indication of conduct verified and found not in line with the Model;
    - A summary of reports received, including what was directly verified, regarding alleged violations of the provisions of this Model, prevention protocols, and relative implementation procedures, and the outcome of subsequent checks carried out;
    - Information regarding the possible commission of relevant crimes under the Decree;

- Disciplinary procedures and sanctions possibly applied by the Company, with reference to violations of the provisions of this Model, prevention protocols, and relative implementation procedures;
- An overall assessment of Model functioning with any indications for integrations, corrections, or modifications;
- Signaling any changes in the regulatory framework and/or significant modifications in the Company's internal structure that require an update of the Model;
- A statement of expenses incurred.

4.3 Information flows toward the Supervisory Body

The SB is the recipient of any information, documentation, and/or communication, coming also from third parties, pertaining to compliance with the Model. The SB establishes, in its control activity, the documentation that must necessarily be submitted to its attention on a periodic basis.

Specifically, regarding reporting of a general character toward the Supervisory Body, it must address, in structured form through the following reports produced with regular frequency:

- List of IT security violations ("data breaches");
- Summary information report of main activities carried out for prevention and protection from risks in the workplace (reports received, findings following inspections, registered accidents and other events, minutes of the periodic meeting) and the effectiveness and adequacy of the OSH system and management measures adopted;
- List of consulting assignments signed through direct award;
- List of liberalities, contributions, and gifts, as well as representation expenses of an entity exceeding the "modest value" qualified in corporate documentation (beneficiary, amount, payment date);
- List of hirings, and relative selection process, carried out extra-budget or in deviation from the dedicated procedure;
- List of new issuances of corporate provisions (models, directives, regulations, procedures, org charts, delegations, powers, etc.) relating to sensitive activities indicated in the Model;
- List of ongoing court cases and arbitrations.

Information concerning the following must be promptly transmitted to the Supervisory Body, by way of example and not exhaustively:

- Relevant judicial or administrative proceedings;
- Contests or notices by public Authorities;
- Tax and customs audits;
- Environmental notices/violations;
- Workplace accidents and relevant near misses;
- Data breaches and cyber incidents;
- Anomalies in purchasing processes;
- Anomalies in payment management;
- Violations of corporate procedures;
- Whistleblowing reports;
- Criticalities emerged during internal audits or ISO audits;
- Anomalies relating to suppliers, consultants, or intermediaries.

If the news of a possible commission of crimes or violations of the Model involves the Board of Directors of the Company, only and directly the SB is informed.

Finally, the system of delegations and powers of attorney adopted by the Company must be communicated to Vivolo's SB by the administration office. Information flows must reach the SB via methods concretely defined by it. Reports, possibly also in anonymous form, having as object the evidence or suspicion of violation(s) of the Model must be as detailed as possible. They can be sent in writing in paper form or through the use of a specifically dedicated email inbox, respecting protection principles relating to Whistleblowing.

The SB acts to guarantee reporters against any form of retaliation, discrimination, or penalization, likewise guaranteeing confidentiality of the reporter's identity, saving legal obligations and the protection of rights of the Company or persons erroneously or in bad faith accused. The SB assesses reports received and decides actions to be taken, hearing if necessary the author of the report and/or the person responsible for the alleged violation.

If the perpetrator of the offense should be the Board of Directors, the SB carries out a summary inquiry and, having performed necessary deeper checks, assumes most appropriate measures, taking care to inform the Shareholders' Meeting.

The SB sets up a specific database, computerized or paper-based, in which every report, information, and disclosure pursuant to this document is kept for a period of 10 years. Compliance with provisions on personal data confidentiality and rights guaranteed by it in favor of interested parties is preserved. Access to the database is allowed exclusively to the SB.

The Company, in compliance with provisions of whistleblowing legislation, established the following reporting channels, to guarantee confidentiality of the reporter's identity and with reference to reports made also by "third parties":

- For communications addressed to the Supervisory Body, the email address odvvivolo@gmail.com, published on the website.

4.4 Internal reporting channel for violations of the Model (Whistleblowing)

Reports, possibly also in anonymous form, addressing evidence or suspicion of violation(s) of the Model, the Code of Ethics, and implementation procedures, as well as any other circumstance carrying relevance under Legislative Decree 231/2001 must be as detailed as possible and can be sent to the Supervisory Body according to what is better specified by the Whistleblowing Policy adopted by the Company and communicated to all recipients.

The SB acts to guarantee reporters against any form of retaliation, discrimination, or penalization, likewise guaranteeing confidentiality of the identity of the reporter, the reported person, and other subjects mentioned in the report, saving legal obligations and the protection of rights of the Company or persons erroneously or in bad faith accused. The SB assesses reports received and decides actions to be taken to follow them up, hearing if necessary the author of the report and/or the person responsible for the alleged violation.

If the perpetrator of the offense should be the Chairman of the Board of Directors or a member of that Body, the SB carries out a summary inquiry, the outcome of which is transmitted to the Sole Statutory Auditor who, having performed necessary deeper checks, will assume most appropriate measures, taking care to inform the SB.

Every year, furthermore, the SB transmits a written report to the Board of Directors on the degree of implementation of the Model, including a report on the internal reporting channel.

The Company, in compliance with provisions of whistleblowing legislation, established its internal reporting channel, to guarantee confidentiality of the reporter's identity (as well as involved and mentioned subjects) and protection from any form of retaliation of the reporter and other protected persons, which provides that reports can be submitted:

- In written form through use of the IT platform reachable via the following link: https://vivolo.wallbreakers.it/#/;
- Voice message, using the voice messaging system made available by the platform https://vivolo.wallbreakers.it/#/; or
- If requested by the Reporter, via a direct meeting with the Supervisory Body.

The SB assesses reports received and determines any initiatives, possibly hearing the author of the report and/or the person responsible for the alleged violation and/or any other subject it deems useful, motivating in writing every conclusion reached. In particular, reports received through the above-cited channels are managed by the SB which carries out an initial assessment of the report to:

- Verify that it falls within the scope of competence of the SB;
- Verify that it is sufficiently detailed to proceed with a deeper check.

If the report presents the characteristics reported above, the SB launches the inquiry activity, the verification activity, and eventual corrective measure; otherwise, it archives the report with a brief explanatory note.

- **Inquiry activity:** the SB assesses discretionally and under its own responsibility the report to judge the necessity of performing specific deeper checks to verify facts reported therein. This necessity is determined based on the following elements: (i) information provided supporting the report; (ii) current procedures in force pertaining to reported facts; (iii) previous reports/checks having the same object and already examined.
- **Verification activity:** the SB launches ad hoc verifications (investigation activity), possibly with confidential methods, depending on the object of the report. Any investigation activity is conducted via support of competent functions or external subjects and in compliance with all standards applicable to protect both the reporting subject and any subjects involved in checks. If the SB deems it should not proceed to perform further checks, it drafts a brief explanatory note of analyses performed and archives the report.
- **Corrective measures:** if the investigation reveals the need for a corrective intervention, the SB requests its implementation from competent functions.

The SB establishes a register of reports, containing indication of reports arrived, relative managers, as well as any sanctions imposed against them. Every piece of information, report, disclosure, and account provided for in the Model is retained by the Supervisory Body in a specific archive (computerized or paper-based).

5. Disciplinary and Sanctioning System

5.1 General principles

The effective implementation of the Model is ensured also by the provision and preparation of an adequate disciplinary and sanctioning system for violation of behavioral rules imposed by the cited Model for prevention of crimes under the Decree (Art. 6, paragraph second, lett. e, Art. 7, paragraph fourth, lett. b), and, generally, internal procedures. The application of disciplinary sanctions is independent of the actual commission of a crime and, therefore, from the initiation and outcome of an eventual criminal proceeding.

Therefore, disciplinary sanctions can be applied by the Company to every violation of this Model and the Code of Ethics, independently of the commission of a crime and from the performance and outcome of a criminal trial launched by the judicial authority.

Violation of single provisions of this Model and the Code of Ethics always constitutes a disciplinary offense. In any case, the Supervisory Body must be informed of the procedure for imposing disciplinary sanctions or eventual archiving.

5.2 Conductable sanctions: fundamental categories

Actions carried out in violation of the Code of Ethics, the Model, and internal operating procedures, and non-compliance with any indications and prescriptions coming from the Supervisory Body are sanctionable. Sanctionable violations can be divided into four fundamental categories according to an increasing order of gravity:

- Violations not connected to sensitive activities;
- Violations connected to sensitive activities;
- Violations suitable to integrate the single fact (objective element) of one of the crimes for which administrative liability of legal persons is provided;
- Violations aimed at the commission of crimes provided for by the Decree or which, anyway, involve the possibility of attributing administrative liability to the Company.

By way of example, sanctionable conduct includes:

- Non-observance of procedures prescribed in the Model and/or referenced therein;
- Non-observance of information obligations prescribed in the control system;
- Omitted or untruthful documentation of operations in conformity with the principle of transparency;
- Omission of controls by responsible subjects;
- Unjustified non-compliance with information obligations;
- Omitted control over the dissemination of the Code of Ethics by responsible subjects;
- Adoption of any act evading control systems;
- Adoption of behaviors exposing the Company to communication of sanctions provided for by Legislative Decree 231/2001;
- Violations of protective measures of whoever performs whistleblowing reports and additional protected persons;
- Violations of protective measures of the reporter as well as performing, with malice or gross negligence, reports that turn out to be unfounded.

Any retaliation carried out against subjects making whistleblowing reports and additional protected subjects based on what is established by the Whistleblowing Policy is also sanctionable.

5.3 Subjects

All employee workers, executives, directors, and collaborators of the Company, as well as all those who have contractual relationships with the company by virtue of specific contractual clauses, are subject to the sanctioning and disciplinary system of this Model.

5.4 Violations of the Model and relative sanctions

The Company prepared, in conformity with current legislation and the principle of specificity of violations and sanctions, the behavioral rules contained in the Model and the Code of Ethics, whose violation constitutes a disciplinary offense, as well as applicable sanctions, proportioned to the gravity of infractions. With reference to obligations of diligence, loyalty, and correctness that must qualify fulfillment of work performances and behavior to maintain in the workspace, it is appropriate to refer to the Code of Ethics, in which possible violations carried out by the employee and corresponding imposable sanctions are reported.

The right of the Company to request compensation for damage derived from violation of the Model and the Code of Ethics is preserved, which will be measured against:

1. The level of autonomy of the employee;
2. The gravity of consequences of the violation, or possible implications regarding Legislative Decree No. 231/01;
3. The level of intentionality of the behavior;
4. Eventual presence of previous disciplinary sanctions imposed.

The function responsible for launching and performing the disciplinary proceeding is the Human Resources Directorate, which must keep the Supervisory Body constantly informed on the progress of the proceeding, on justifications brought forward, on the outcome, and on any other information that might interest the cited Supervisory Body.

5.5 Measures against employees, executives, directors, statutory auditors, and other recipients

Employees

Subordinate workers must respect obligations established by Art. 2104 of the Italian Civil Code, obligations of which this Model and the Code of Ethics represent an integral part. For employees of a non-executive level, imposable sanctions, conformingly to what is provided by Art. 7 of Law No. 300/1970 (so-called Workers' Statute) and any applicable special legislation, are those provided by law, as well as by the sanctioning apparatus of labor contracts.

In particular, also in application of the National Collective Labor Agreement (CCNL) for non-executive personnel, it is provided that:

- A worker incurs **verbal or written reprimand** measures who violates internal procedures provided by this Model (for example, does not observe prescribed procedures, omits providing the SB with necessary information, etc.), or adopts, in fulfilling activities in risk areas, a behavior non-compliant with provisions of the Model itself and the Code of Ethics;
- A worker incurs a **fine not exceeding four hours of pay** who violates multiple times internal procedures of the Model or adopts, in fulfilling activities in risk areas, a behavior multiple times non-compliant with prescriptions of the Model itself and those of the Code of Ethics, before said shortcomings were individually verified and contested;
- A worker incurs a measure of **suspension from service and pay, for a period from 1 to 10 days**, who—in violating internal procedures provided by this Model or adopting, in fulfilling activities in risk areas, a behavior non-compliant with prescriptions of the Model itself and those of the Code of Ethics, as well as performing acts contrary to the Company's interest—causes damage to Vivolo or exposes it to an objective situation of danger to the integrity of corporate assets. Furthermore, a worker incurs the same sanction who violates measures provided to protect subjects reporting offenses and other protected persons, as well as whoever performs reports of offenses that then turn out to be unfounded (see "whistleblowing" procedure);
- A worker incurs a measure of **dismissal with notice** who adopts, in fulfilling activities in risk areas, a behavior non-compliant with provisions of the Model and the Code of Ethics, directed at the commission of a crime among those directly ascribable to the Company pursuant to the Decree;
- A worker incurs a measure of **dismissal without notice** who adopts, in fulfilling activities in risk areas, a behavior patently in violation of prescriptions of this Model and/or the Code of Ethics, such as to determine the concrete application against the Company of sanctioning measures provided by the Decree.

No measure can be adopted against the worker without having previously and in writing contested the charge and without having heard them in their defense. The contestation must be notified to the worker within 15 days from the date on which the business became aware of the contested fact.

The worker, within the term of 5 days from the receipt date of the contestation, can request to be heard in their defense with the faculty of being assisted by a representative of the trade union association to which they adhere or confer a mandate.

The disciplinary sanction must be communicated by the Company to the worker within and not beyond 20 days from receipt of the written justification or from the date on which the worker was heard in their defense.

The type and *quantum* of disciplinary sanctions mentioned above are established based on:

- Intentionality of the behavior or degree of negligence, imprudence, or imperindex with regard to predictability of the event;
- Overall behavior of the worker, with particular regard to existence or not of disciplinary precedents of the same, within limits allowed by law;
- Tasks performed by the worker;
- Functional position of persons involved in facts constituting the disciplinary violation;
- Other particular circumstances accompanying the disciplinary violation.

The verification of the aforementioned infractions, disciplinary proceedings, and imposition of sanctions fall within the competence of corporate Management. The disciplinary system is constantly monitored by the SB.

Executives

In case of violations, by executives, of internal procedures provided by this Model or adoption, in fulfilling activities in risk areas, of a behavior non-compliant with provisions of the Model itself or the Code of Ethics, corporate Management will provide to apply, against managers, most suitable measures in conformity with what is provided by the reference National Collective Labor Agreement.

Directors

If the Board of Directors violates procedures provided by the Model or adopts, in fulfilling activities in risk areas, a behavior non-compliant with prescriptions of the Model and/or the Code of Ethics, the SB will autonomously assess reports to be made.

If it concerns a serious irregularity, one proceeds to convocation of the Shareholders' Meeting, which:

- Can revoke the mandate for just cause from the director author of the violation of the Model and/or Code of Ethics.

Every right of the Company regarding eventual compensatory actions for damages caused to it by the author of the violation of the preventive system remains saved.

Other recipients

Any non-observance of behavioral rules indicated in the Model, as well as any violation of provisions and principles established in the Code of Ethics by collaborators, consultants, suppliers, and other third subjects, can determine, conformingly to what is regulated in the specific contractual relationship, its **termination**; the faculty to request compensation for damages occurred as a consequence of such unlawful behaviors remains saved, included those derived from application, by the criminal judge, of measures provided by Legislative Decree No. 231/2001.

In the hypothesis of external professionals and consultants for whom a written contract is not present, a statement is necessary in which they attest actual knowledge of the Model and the Code of Ethics and their commitment to respect, within the scope of their work activity, provisions contained in them.

Competence to assess suitability of this genus of cautions belongs to the SB. The latter, furthermore, takes care of eventual updates of cautions described above, in concert with competent corporate Management.

6. Personnel Selection and Training

6.1 Training and dissemination of the Model

The Company, to give effective implementation to the Model, ensures correct disclosure of its contents and principles inside and outside its organization. The goal of the Company is to communicate contents and principles of the Model also to subjects who, although not holding the formal qualification of employee, operate—even occasionally—for achievement of the Company's goals by strength of contractual relationships.

Indeed, the Company intends to:

- Determine, in all those operating in its name and on its behalf in "sensitive" activities, awareness of being able to incur, in case of violation of provisions reported therein, an offense liable to sanctions;
- Inform all those operating for any reason in its name, on its behalf, or anyway in its interest that violation of prescriptions contained in the Model will involve application of specific sanctions or termination of the contractual relationship;
- Reiterate that the Company does not tolerate unlawful behaviors, of any type and independently of any purpose, as such behaviors (even if the Company were apparently in a condition to derive advantage from them) are anyway contrary to ethical principles to which the Company intends to adhere.

Training activity aimed at spreading knowledge of the framework of Legislative Decree No. 231/2001 is differentiated, in contents and delivery methods, depending on the qualification of recipients, the risk level of the area in which they operate, and whether or not recipients have representation functions for the Company.

The Company takes care of adoption and implementation of an adequate training level through suitable dissemination tools such as:

- Classroom information;
- Online training;
- Informative material.

Training must address complete knowledge and understanding of the following areas:

- Legislative Decree 231/2001: general principles, provided crimes (also those under Law No. 146/2006), and applicable sanctions to the Company;
- Behavioral principles contained in the Model and Code of Ethics;
- Powers of the Supervisory Body, as well as information obligations toward it;
- The disciplinary system;
- The system for reporting offenses (so-called whistleblowing).

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

The Company intends to guarantee correct and complete knowledge of the Model and the content of Legislative Decree No. 231/2001 and obligations deriving from it. Training and information are managed by the Human Resources Directorate assisted by the SB, in close coordination with managers of areas/functions involved in Model application.

This training and information effort is extended also to all those subjects who, although not belonging to the company frame, could abstractly operate in the interest and/or to the advantage of the Company. However, to third subjects only communication and training activity having Code of Ethics as object is addressed.

The adoption of this document is communicated to all subjects working for and in the name of Vivolo at the time of its adoption. All employees and senior figures must sign a specific form through which they attest occurred knowledge and acceptance of the Model, of which they have a paper copy or computerized support available.

To new hires, an informative set containing the General Section of the Model is delivered, inclusive of the Code of Ethics, present also on the Intranet, with which knowledge considered of primary relevance is ensured to them.

In contracts signed with external professionals and consultants, standard contractual clauses are inserted, binding them not to adopt behaviors not in line with conduct principles and ethical values by which the Company is inspired. In contracts or in relationships in place with suppliers of services/equipment/tools, instead, an information notice is given communicating to such subjects that Vivolo adopted a Model, a Code of Ethics, and a Supervisory Body. In this information notice, it is furthermore communicated to suppliers that they will be required to observe the General Section of the Model and the Code of Ethics.

Continuous training and updating activity is organized by competent corporate functions with supervision of the Supervisory Body, utilizing mandatory periodic meetings, modulated in contents and frequency, depending on qualification of recipients and the function covered by them.

If deemed necessary by the SB, external professionals having specific skills on the theme of crimes ascribable to the Company, analysis of procedures and organizational processes, as well as general principles on compliance legislation and controls correlated to them will intervene at meetings.

The Company prepared a specific section of the corporate intranet dedicated to the theme and updated periodically, to allow interested subjects to know in real-time eventual modifications, integrations, or implementations of the Model and the Code of Ethics.

6.3 Other recipients

The communication activity of contents and principles of the Model must be directed also to third subjects entertaining contractually regulated collaboration relationships with the Company, with particular reference to those operating within the scope of activities deemed sensitive pursuant to Legislative Decree 231/2001.

6.4 Violations of the regulations on reporting misconduct (Whistleblowing)

The Company, in implementation of current regulatory provisions regarding reporting of offenses and in consistency with the Organization, Management, and Control Model adopted pursuant to Legislative Decree 231/2001, recognizes the centrality of the internal reporting system as a fundamental safeguard for preventing crimes.

The following behaviors constitute violations of the Model, relevant for the purposes of applying the disciplinary system:

a) Retaliatory or discriminatory acts

Any behavior, act, or omission, even if only attempted or threatened, carried out by reason of the report, which determines or can determine, directly or indirectly, an unjust damage to the reporter or to other subjects protected by applicable legislation.

b) Violation of confidentiality obligations

The unauthorized disclosure of the identity of the reporter, the involved person, or other subjects mentioned in the report, as well as any unlawful treatment of information acquired within the scope of managing the report.

c) Obstruction of reporting

Any behavior aimed at preventing, obstructing, or discouraging submission of a report, included adoption of organizational or operational measures suitable to limit its effective exercise.

d) Non-compliance in managing reports

Omission, unjustified delay, or non-compliant management of reports by appointed subjects, in violation of procedures adopted by the Company.

e) Unfounded reports made with malice or gross negligence

Performing reports that turn out to be manifestly unfounded, if carried out with malice or gross negligence, is a source of disciplinary and civil liability, preserving protection of the reporter in case of reports carried out in good faith.

Sanctioning system

Violations indicated above are subject to application of sanctions provided by this Model and the corporate disciplinary system, in a measure proportioned to the gravity of conduct, the role of the subject involved, and the circumstances of the concrete case.

Application of any further liabilities of a civil, criminal, or administrative nature remains firm, where prerequisites are met.