



**ORGANISATION, MANAGEMENT AND  
CONTROL MODEL PURSUANT TO  
LEG.DEC. 231/2001**

**Rev. 28/09/2020**

<b>Document:</b>	<i>Organisation, Management and Control Model pursuant to Leg.Dec. 231/2001</i>			
<b>File:</b>	Model 231			
<b>Version:</b>	1	Adoption of the document	<b>Verification of the Supervisory Board of:</b>	-
			<b>Approval of the Board of Directors:</b>	20.11. 2017
<b>Version</b>	2	Document update	<b>Verification of the Supervisory Board of:</b>	-
			<b>Approval of the Board of Directors:</b>	26.10.2018
<b>Version</b>	3	Document update	<b>Verification of the Supervisory Board of:</b>	25.09.2020
			<b>Approval of the Board of Directors:</b>	28.09.2020



## INDEX

### Sommario

#### INDEX 2

1.	INTRODUCTION .....	4
1.1.	<i>Definitions</i> .....	5
1.2.	<i>Legislative decree n. 231 of 8 June 2001</i> .....	9
1.3.	<i>The Guidelines issued by the trade associations</i> .....	15
1.4.	<i>Lo.Li Pharma International S.r.l.</i> .....	15
1.4.1	Organizational Chart .....	16
1.5.	<i>Company Governance</i> .....	16
<b>1.5.1.</b>	<b>Shareholders' Meeting</b> .....	<b>18</b>
<b>1.5.2.</b>	<b>Board of Directors</b> .....	<b>19</b>
<b>1.5.3.</b>	<b>Chairman of the Board of Directors and Chief Executive Officer</b> .....	<b>21</b>
<b>1.5.4.</b>	<b>Managing Director for administration and accounting</b> .....	<b>21</b>
<b>1.5.5.</b>	<b>Managing Director for finance, trademarks and patents</b> .....	<b>22</b>
<b>1.5.6.</b>	<b>General Manager</b> .....	<b>22</b>
<b>1.5.7.</b>	<b>The Sole Auditor</b> .....	<b>22</b>
<b>1.5.8.</b>	<b>Supervisory Board</b> .....	<b>23</b>
1.6.	<i>Sanctioning apparatus of the Decree</i> .....	23
1.6.1	Financial penalties .....	24
1.6.2	Disqualification sanctions .....	24
1.6.3	Other sanctions .....	24
1.7.	<i>Further organisational aspects envisaged by the Model</i> .....	25
2.	RESPONSIBILITY FOR APPROVAL, TRANSPOSITION, INTEGRATION AND IMPLEMENTATION OF THE MODEL .....	26
3.	THE ORGANISATION, MANAGEMENT AND CONTROL MODEL .....	28
3.1.	<i>Salient features of the Model</i> .....	28
3.2.	<i>Activities concerning the adjustment of the structure of existing organisational requirements provided for by Legislative Decree 231/2001</i> .....	30
3.3.	<i>The Organization, Management and Control Model for the prevention of the risk of offence in matters relating to hygiene and safety at work</i> .....	32
3.4.	<i>The Organisation, Management and Control Model for the prevention of the risks of environmental offences</i> .....	32
3.5.	<i>The Model of Organization, Management and Control for the prevention of risks of offences of association</i> .....	34
3.6.	<i>Self-Laundering</i> .....	35
3.7.	<i>The organization, management and control model for the prevention of the risks of tax offenses</i> .....	35
4.	ANALYSES AND ASSESSMENT OF OFFENCE RISKS AND IDENTIFIED RISK MANAGEMENT .....	38
5.	CODE OF ETHICS .....	40
5.1	<i>Code of Conduct towards the Public Administration</i> .....	40
5.2	<i>Anti-corruption Code of Conduct</i> .....	41



6.	REGULATION OF SENSITIVE PROCESSES THROUGH PREVENTIVE PROTOCOLS .....	43
7.	STAFF TRAINING AND INFORMATION .....	45
8.	INFORMATION TO OTHER THIRD PARTIES .....	47
9.	DISCIPLINARY SYSTEM GUIDELINES .....	48
10.	SUPERVISORY BOARD .....	50
10.1.	<i>Identification of the Supervisory Board .....</i>	<i>50</i>
10.2.	<i>Architecture and Composition of the Supervisory Board .....</i>	<i>50</i>
10.3.	<i>Term in office, revocation and replacement of members .....</i>	<i>52</i>
10.4.	<i>Rules of convocation and operation .....</i>	<i>55</i>
10.5.	<i>The functions and powers of the Supervisory Board .....</i>	<i>55</i>
10.6.	<i>Reporting to Governing Bodies .....</i>	<i>56</i>
10.7.	<i>The flow of information to the Supervisory Body .....</i>	<i>57</i>
10.8.	<i>Reporting to the Supervisory Board (whistleblowing) .....</i>	<i>59</i>
10.9.	<i>Mode of transmission and evaluation of information flows and reports .....</i>	<i>59</i>
10.10.	<i>Obligations and requirements of the reporting system (whistleblowing) .....</i>	<i>60</i>
10.11.	<i>Safeguarding Discipline .....</i>	<i>61</i>
10.12.	<i>Books of the Supervisory Board .....</i>	<i>61</i>
10.13.	<i>Registration of reports .....</i>	<i>63</i>



## 1. INTRODUCTION

This document describes the "Organization, management and control model" adopted by Lo.Li. Pharma International S.r.l. pursuant to and for the purposes of articles 6 and 7 of Legislative Decree 8 June 2001, n. 231.

The Model is intended as the set of organizational solutions, the management system and the internal control system of the Company, as re-evaluated and revised according to the objective of preventing the risk of committing the predicate offenses provided for by the Decree governing the administrative liability of entities.

The Model is divided into 2 parts:

- General Part: document with the purpose of describing the methodology and the salient features of the organization, management and control model for the prevention of the risk of crime adopted by the Company.
- Special Section: concerns the detailed application of the offense principles referred to in the "General Part" with reference to the risks of crime referred to in Legislative Decree 231/2001 to which the Company is most exposed.

Furthermore, the following are attached to the Special Section:

- Annex 1: Prerequisite offenses;
- Annex 2: Guidelines;
- Annex 3: Preventive Protocols;
- Annex 4: Bibliography.



## 1.1. Definitions

In this document the following expressions shall have the meanings indicated below:

- "**Activities at risk of offence** ": the process, the operation, the act, i.e. the set of operations and acts that may expose the Company to the risk of penalties under the Decree in case of the commission of an offence.
- "**NCEC** ": the National Collective Labour Contract, applicable to employees of the Company and, specifically, the NCEC pro-tempore trade in force.
- "**Code of Ethics** ": the document, officially wanted and approved by top management of the Company, explaining corporate policy, and which contains the general principles of behaviour - i.e., recommendations, obligations and/or prohibitions - which recipients must comply with and which results in sanctioning if violated.
- "**Leg.Dec. 231/2001** " or "**Decree** ": the Legislative Decree of 8 June 2001, n. 231, laying down the "*Administrative liability of legal persons, companies and associations, even without legal entities, pursuant to art. 11 of the law of 29 September 2000, n. 300*", published in the Official Journal n. 140 of 19 June 2001, and subsequent modifications and integrations.
- "**Recipients** ": Corporate bodies (Board of Directors), employees, agents and representatives, brokers, suppliers and all those who operate in the interest or to the advantage of the Company, with or without representation and regardless of the nature and type of relationship entertained with the Company principals. Recipients are required to respect the model, the Code of Ethics and preventive Protocols.
- "**Employees** ": all individuals who have a subordinate employment relationship with the Company.
- "**Guidelines** ": Guidelines for the construction of organisation, management and control *models ex* Leg.Dec. 231/2001, published by trade associations, which were considered for the purposes of the preparation and adoption of the model.



- "**Organisation, Management and Control Model pursuant to Leg.Dec. 231/2001**" or "**Model**": the organisation, management and control model considered by the Governing Bodies as suitable to prevent offences and therefore adopted by the Company under Articles 6 and 7 of the Legislative Decree, in order to prevent offences being carried out Executive or non-executive staff or, as described in this document and the attachments herein.
- "**Governing Bodies**": the Board of Directors.
- The "**Supervisory Board**" is the Body described by art. 6 of the Legislative Decree, as having the task of supervising the functioning and updating of and compliance with the organisation, management and control model.
- "**Staff**": all individuals who have an employment relationship with the Company, including employees, temporary employees, "**interns**" and professionals who have received an assignment as part of the Company.
- "**Executive Staff**": the subjects referred to in Article 5, paragraph 1(a) of the Decree, namely individuals who perform tasks relating to representation, administration or management of the Company; in particular, the members of the Board of Directors The Chairman and Company agents and attorneys.
- "**Staff subject to the management of others**": the subjects referred to in Article 5, paragraph 1(b) of the Decree, namely all the staff who work under the direction or supervision of the Executive staff.
- "**Public Administration**" or "**P.A.**": Public Administration refers to:
  - the State (or State Administration);
  - Public Bodies: please note that Public Bodies are indicated as such by the law or because there are bodies subject to a system of public control, interference from the State or other Administration in as far as concerns the appointment and dismissal of its administrators, as well as the Administration of the Body itself. It is characterised by the participation of the State or of other Public Administration, in management expenses; or from the power of Directive that the State has over its Institutions; or from public financing institutions; or by the constitution for public initiative. Purely by way of example but not limited thereto, the following companies are to be regarded as Public Administrations



in a broadest sense of the term: State Railways, AEM Milano, etc.

- Public Official: the individual who exercises "a public legislative, judicial or administrative function". To the effects of criminal law " administrative function is public when governed by rules of public law and by authoritative acts and characterised by the formation and by the expression of the will of the public administration or by its progress by means of authoritative powers or certification" (Art.357 C.P.);
- Person in charge of a Public Service: individuals who "whatever their function, perform a public service". A public service must be understood as an activity governed in the same way as a public function, but is characterised by the lack of powers which are typical of the latter and with the exclusion of carrying out basic ordinary tasks and work of a merely material nature" (Art. 358 of the penal code). Please note that "whatever their function" must be understood in the sense that a subject exerts a public function, even without a formal or regular investiture (responsible for a public service "de facto"). Does not draw attention to the relationship between the Public Administration and the individual who carries out the service.
  - "**Protocol** ": the organisational, physical and/or logical measure provided by the model to prevent the risk of offences.
  - "**Offences** " or "**Offence**": a set of offences, or a single offence, referred to in the Leg.Dec. . 231/2001 (possibly amended and supplemented in the future).
  - "**Whistleblower**": an individual who witnesses an offence or an unusual event in the workplace and decides to report it. For private entities, reference is to "*individuals holding a representative, administrative or directive role at the Entity, or at one of its organisational units which is financially and functionally autonomous and has individuals exercising, even de facto, the management and the control of the same* " and "*individuals subject to the direction or the supervision of one of the (previously mentioned) subjects*".
  - "**Reported**": the person to whom the whistleblower reports the relative illegal/unusual event
  - "**Report**": communication by the reporter regarding information on "*illicit behaviours, which are relevant according to Leg.Dec 231/2001 and based on precise, factual and consistent elements , or breach s of the model of organisation and management*



*of the Entity, which has come to their knowledge by reason of the functions carried out ".*

- **"The Disciplinary System "**: the set of punitive measures applicable in case of breach of the procedural and behavioural regulations described in the Model;
- **"Company "**: **Lo.Li Pharma International S.r.l.**





## *1.2. Legislative decree n. 231 of 8 June 2001*

In the wake of a process initiated by the European Union<sup>1</sup>, with the approval of the Legislative Decree n. 231 of 8 June 2001, the administrative liability of companies as a result of criminal offences, has also been introduced to Italy.

The discipline of the Decree came into force on 4 July 2001, providing, for the first time in Italy, a particular form of liability to Companies for certain offences committed in the interest or to the advantage of the same, by their own staff (Executive and non-executive employees, etc.). This liability does not replace that of the person who has committed the offence, but rather adds to it.

The new liability regime, therefore, involves, in the punishment of certain criminal offences, the assets of the companies that have profited from the offence itself. In fact, in the event of an offence, a penalty is always applied, and, for the most serious cases, more serious disqualification measures are put in place, such as the termination or revocation of concessions and licenses, the ban from the exercise of the activity, the prohibition of contracting with the Public Administration, the exclusion or withdrawal of financing and contributions, the prohibition of advertising goods and services, until the Company goes into administration.

The offences mentioned by the Decree, i.e. offences which can result in the administrative liability of companies, are - as of today - those carried out in relation to relationships with the public administration, offences concerning the forgery of money, public credit cards and revenue stamps, corporate offences, offences with the purpose of terrorism or the subversion of the democratic order, crimes against individual personality, offences concerning market abuse, transnational offences, offences concerning immigrant traffic, self-laundering offences, recycling and

---

<sup>1</sup> OECD Convention (Organisation for Economic Cooperation and Development) of 17 December 1997 on the bribery of foreign public officials in international business transactions. OECD conventions and European Union against corruption in international trade and against fraud to the detriment of the European Community. Art. 11 of law delegation (Law of 29 September 2000 n. 300), in particular, delegated the Government to regulate this type of responsibility.



receiving stolen property, organised crime, offences against industry and commerce, offences related to the discipline of accidents and occupational health and safety, computer crime, some offences in the field of copyright, offences in the field of patents and exclusive industrial offences, offences concerning food products, associative , Mafia, arms related offences, environmental crimes and the offence of hiring individuals from third countries residing without authorisation. In particular, below is a list of offences for which a Company can be sentenced to administrative punishment<sup>2</sup> :

- Embezzlement against the State or another Public Body;
- Undue receipt of funds, fraud to the detriment of the State, a public body or the European Union or to obtain public funds;
- Fraud to the detriment of the State or another Public Body;
- Fraud in public supplies
- Aggravated fraud for the achievement of public donations;
- Computer fraud to the detriment of the State or another Public Body;
- Corruption for the exercise of a function;
- Corruption for an act against office duties;
- Corruption in judicial acts;
- Incitement to corruption;
- Bribery;
- Undue induction to give or promise benefits;
- Corruption between private individuals and incitement to corruption among private individuals;
- Embezzlement, extortion, undue inducement to give or promise benefits, corruption and abuse of office;
- Embezzlement, extortion, undue inducement to give or promise benefits, corruption and incitement to corruption of members of the International Criminal Court or of the bodies of the European Communities and of officials of the European Communities and of foreign states;
- Trafficking of illicit influences
- Forgery of money using public credit cards and revenue stamps;
- False corporate communication and facts of slight entity;

---

<sup>2</sup> For in-depth analyses of the offences mentioned by the Decree, please see Annex 1 for information regarding the present case and Annex 2 where - in the guidelines of the trade association - an analysis of the methods used also in the risk assessment activities are provided.



- False corporate communication of listed companies;
- False reporting in prospectuses;
- Obstruction of inspection;
- Fictitious capital;
- Undue refund of contributions;
- Unlawful distribution of profits and reserves;
- Unlawful transactions involving shares or stock or the parent Company;
- Transactions to the detriment of creditors;
- Unlawful distribution of corporate assets by liquidators;
- Illicit influence on the meeting;
- Market rigging;
- Obstacle to the exercise of the functions of public surveillance authorities;
- Crimes with purposes of terrorism or subversion of the democratic order;
- Crimes against the individual personality;
- Offences concerning Market Abuse;
- Self-laundering money-laundering and receiving;
- Offences concerning Immigrant traffic;
- Impediment to the course of justice;
- Manslaughter and Serious or very serious culpable injury;
- Computer crimes;
- Copyright infringement;
- Breach of trademark rights;
- Breach of patents and industrial rights;
- Fraud in trade;
- Offences concerning food products;
- Offences of association and, Mafia and arms related;
- Environmental offences
- Employment of individuals from third countries residing without authorisation;
- Racism and xenophobia.
- Sports fraud and abusive gambling and betting;
- Tax offenses.

Furthermore, according to art. 4 of the Decree, the entity may be called to answer in Italy



in relation to crimes - covered by the same Decree - committed abroad.

The assumptions on which the liability of the entity for crimes committed abroad is based are as follows:

- the offense must be committed by a person functionally linked to the entity, pursuant to art. 5, paragraph 1, of the Decree;
- the entity must have its main office in the territory of the Italian State;
- the entity can respond only in the cases and under the conditions set out in Articles 7, 8, 9, 10 of the criminal code (in cases where the law provides that the guilty person - a natural person - is punished at the request of the Minister of Justice, proceedings are brought against the entity only if the request is also formulated against the entity itself) and, also in compliance with principle of legality referred to in art. 2 of the Decree, only in relation to crimes for which it is specifically responsible;
- if the cases and conditions referred to in the aforementioned articles of the criminal code exist, the authorities of the state of the place where the crime was committed do not proceed against the entity.

The administrative liability of the entity also arises in the case of an attempt to commit one of the offenses provided for by the Decree as a source of liability. In the event of commission, in the form of an attempt, of crimes sanctioned on the basis of the Decree, the pecuniary sanctions (in terms of amount) and disqualification sanctions (in terms of duration) are reduced by one third to half.

The imposition of sanctions is excluded in cases where the entity voluntarily prevents the completion of the action or the realization of the event (Article 26 of the Decree). The exclusion of sanctions is justified, in this case, by virtue of the interruption of any relationship of identification between the entity and subjects who assume to act in its name and on its behalf.

As anticipated, pursuant to Article 5 of the Decree, "*The Company is responsible for the offences committed in its interest or to its advantage*"; i.e. the Company is responsible if it has benefited from illegal activity. The Company, instead, will not respond if the offenders have acted solely in their own interest or in the interest of third parties. In addition, and



still under Article 5 of the Decree, the relevant actions must be put in place:

- by people that carry out functions of representation, administration or management of the Body or of one of its organisational units which has is financially and functionally autonomous as well as by individuals exercising actual management and control of the same;
- by individuals subject to the direction or the supervision of one of the people referred to in the previous sub-paragraph (a).

It is not a given, however, that the institution must always and in any case respond to the offence. It was considered appropriate to allow the Company to demonstrate on a preventive basis, its foreignness to the offence<sup>3</sup>. To this end, the adoption of behavioural models which are specifically tailored to risk-offence, are required i.e., designed to prevent, through the establishment of rules of conduct, certain offences.

The most important requirement, since from the adoption of the model derives the exemption from Company liability, is that it is effectively implemented.

In other words, the specific culpability of the Company occurs when the offence committed by one of its components or subjects, an entrepreneurial decision is carried out, i.e. when it is a consequence of the fact that the institution itself is not equipped with a model of organisation suitable to prevent crimes of the same type as the one which occurred or even that there was no model put in place or insufficient supervision by the Body responsible for exercising control<sup>4</sup>.

In this context, Article 6 of the Decree stipulates that the institution is not called upon to answer for the offence in the case it proves to have adopted and effectively implemented, before the offence takes place, "*models of organisation and management, capable of preventing offences of the type which occurred*".

The same provision also provides for the establishment of a "*control Body within the*

---

<sup>3</sup> A. FILIPPINI, *Requirements consequential to the entry into force of Legislative Decree 231/2001*.

<sup>4</sup> G. F IANDACA, E. M USCO, *Criminal Law The General Part*, Zanichelli Publishers, Fourth edition.



*Company*" with the task of supervising the functioning, effectiveness and monitoring of the model, as well as to ensure its update.

Organisational models must therefore comply with the following requirements:

- Identify the activities at risk of offence;
- Provide specific protocols for the prevention of offences;
- Identify, for the purpose of prevention of offences, how to manage financial resources;
- Impose obligations to inform the Body responsible for monitoring the functioning of and compliance with the models;
- Introduce an internal system of disciplinary actions suitable to sanction non-compliance with the measures indicated in the model.

In conclusion, in the case of crimes committed by the Executive staff, the agency will not respond if it can prove that:

- (i) the ruling Body has adopted and effectively implemented, before the offence was carried out, an organisational and management model suitable to prevent crimes of the same nature as the one which occurred;
- (ii) the task of supervising the functioning and monitoring of the model and to ensure its updates was entrusted to a Company Body equipped with independent powers of initiative and control (Supervisory Board) which, in smaller companies, can coincide with the Board of Directors itself;
- (iii) there was no omitted or insufficient supervision by the supervisory authorities with regards to the model;
- (iv) the offence was committed by fraudulently eluding the model.

Instead, in the case in which the offence was committed by individuals subject to the management or supervision of the Executive staff, the Company will be responsible for the offence only in cases where there has been a shortage in obligations concerning management and supervision and this shortage will be excluded if the institution has adopted, prior to the offence, an organisation, management and control model which



is suitable to prevent crimes of the same nature as the one which occurred<sup>5</sup>.

### ***1.3. The Guidelines issued by the trade associations***

Art. 6 of the Decree stipulates that models of organisation and management can be adopted on the basis of the codes of conduct drawn up by the associations representing the Company, communicated to the Ministry of Justice<sup>6</sup>.

In light of the above, the Company, in the preparation of this document, has taken into account the guidelines provided by Confindustria (and updated in July 2014). These Guidelines are attached to this document as **Annex 2 to the Special Part**.

It is understood that any divergence of the model adopted by the Company with respect to certain specific indications referred to in the guidelines, do not affect its accuracy and validity. These Guidelines, in fact, are relatively general, whereas the model must be developed in regard to the effective reality of the particular Company

### ***1.4. Lo.Li Pharma International S.r.l.***

Lo.Li Pharma International is the international branch of Lo.Li. Pharma. Founded in 2012, its core-business is the selection of the best marketing partners to distribute the Lo.Li products Pharma at a global level.

From the signing of the contract to the finished product, the Lo.Li. Pharma International team support its customers, step by step, by offering their scientific training, strategic marketing plans, regulatory and logistic support.

Today Lo.Li Pharma products are distributed in more than 42 countries worldwide.

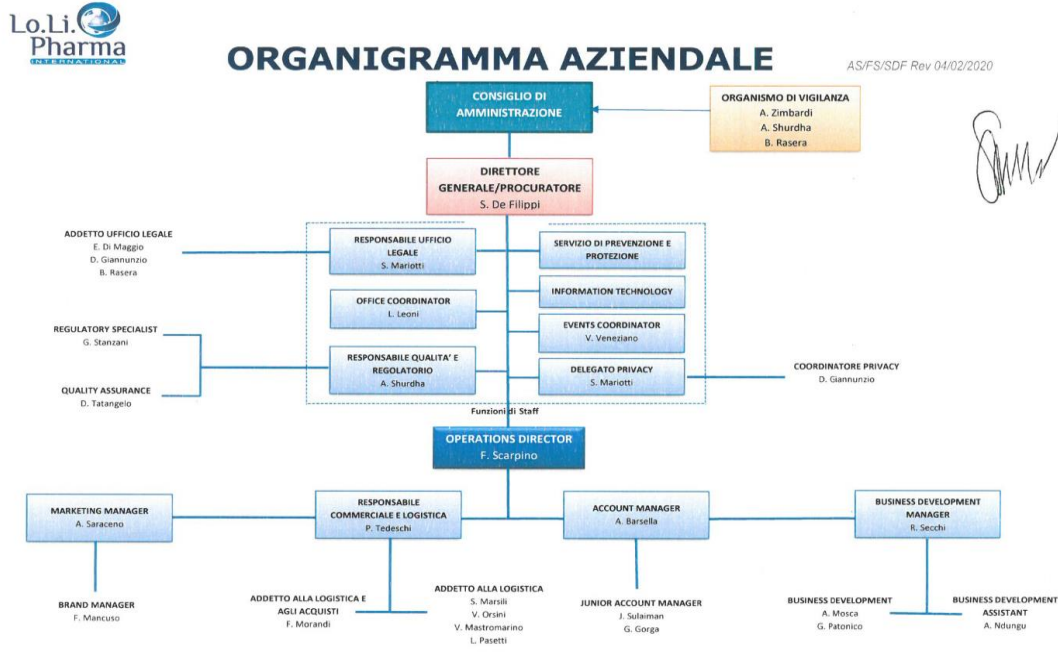
---

<sup>5</sup> There is, therefore, the reversal of the burden of proof required for the Executive staff: in this case will be the responsibility of the public prosecutor to prove that the institution did not adopt, in time, the model of organisation required.

<sup>6</sup> The Ministry of Justice, in consultation with the competent Ministries, can formulate, within thirty days, comments on the suitability of the models to prevent the offences.



## 1.4.1 Organizational Chart



## 1.5. Company Governance

The Company governance model aims to formalise the system of values that it intends to promote by creating a suitable and exemplary organisational structure.

The Company has adopted, on a statutory basis, the so-called "*traditional*" administration and control system (*governance*).

The statutes of the Company require the following Governing Bodies:

- The General Shareholders Meeting (component with exclusively deliberative functions, whose powers are by law confined to decisions which have a major impact on social life, with the exclusion of managerial skills);
- The Board of Directors (to which has been referred strategic supervision and management of the Company);
- Sole Auditor (with control functions on the administration of the Company).

The function of strategic supervision relates to the determination of the addresses and





the strategic business goals and the monitoring of their implementation.

The function of management is the conduct of business operations to achieve these strategies.

The function of strategic supervision and management, closely united with the Company administration, are founded on the Board of Directors and its delegated bodies.

The control function consists of verifying the regularity of the administration activity and the adequacy of the organizational and accounting structures of the Company.



### **1.5.1. Shareholders' Meeting**

The shareholders' meeting is of top priority, it is the decisive moment in which strong will can be implemented by shareholders and in which the dialectic ownership determines the decisive choices for the achievement of corporate interests.

The members decided on matters reserved to their competence by the law, by the present Statute, as well as on subjects that one or more administrators and many members that represent at least one third of the capital shall submit to their approval. The Company Statute requires that the following tasks are, in any case, reserved to the shareholders:

- a) approval of the budget and the distribution of profits;
- b) appointment of Directors and the structure of the Administrative Body;
- c) appointment of Statutory Auditors and the Chairman of the Board of Statutory Auditors or the Auditor;
- d) modifications of the Statute,
- e) decision to carry out extraordinary operations that involve a substantial modification of the Company objectives or a significant modification of the rights of the members;
- f) appointment of liquidators and the criteria for the process of liquidation.

For anything that has not been provided for by the Statute, provisions of the law shall be applied.

The assembly must be convened by the Board of Directors, even outside the headquarters, provided this is in Italy. In case of impossibility of all administrators or their inactivity, the meeting may be convened by the Governance Body, if appointed, or even by a shareholder. The meeting is convened by a registered letter which is sent to the shareholders at least 8 days before the expected date of the meeting, to their home addresses registered at the Company, or by any other suitable means to ensure proof of receipt. The notice of convocation must indicate the place, day and time of the meeting and the list of matters to be discussed.



In any case the resolution aims to be adopted with the participation of the entire share capital and all administrators and auditors, if appointed, who are present or informed of the meeting and if nobody opposes to the discussion of the issue. If administrators or statutory auditors, if appointed, do not participate personally in the assembly, they should release special written declaration, to be kept in the Acts of the Company in which they declare to be informed of the meeting and on all the topics on the agenda and do not oppose how these are dealt with.

The Assembly is chaired by the Chairman of the Board of Directors or by the person designated by those in attendance.

The Meeting Chairman shall be responsible for ascertaining the regular constitution of the same, to establish the identity and the legitimacy of the attendees, directing and regulating the progress of the meeting and proclaim the results of votes. The meeting may also be carried out in various places, via audio and/or video, in accordance with the conditions and procedures laid down by the Statute, to which reference is made.

Resolutions must be indicated in minutes signed by the Chairman and by the Secretary, if appointed, or by a Notary. The Statute provides for the mandatory contents of the minutes, which even if drawn up by a public deed, must be transcribed, without delay, in the book of the decisions of the shareholders.

The meeting is regularly constituted with the presence of a number of shareholders representing at least half of the share capital and shall pass resolutions by an absolute majority. In the cases described in numbers 4 and 5 of the second paragraph of art. 2479 c.c., the meeting is resolved by the favourable vote of the shareholders who represent half of the share capital.

The Statute is without prejudice to the other provisions of the law or the requirements of the same that, for particular decisions require different specific majorities.

### **1.5.2. Board of Directors**

The Board of Directors, composed of two or more states is the Body responsible for strategic supervision, which concentrate on functions of guidance and/or supervision of social management (for example, by examination and makes decisions regarding



industrial or financial plans i.e. the strategic operations of the Company)<sup>7</sup> .

The Board of Directors is entrusted with the management of the Company and requires the Administrators to carry out all the operations necessary for the achievement of Company objectives<sup>8</sup>.

The members of the Board of Directors are elected by the Assembly, also by non-shareholders, and shall remain in office until revocation or resignation or for the period determined by the shareholders at the time of appointment.

The Board of Directors, if not already carried out by shareholders at the time of appointment, shall elect one of its members as Chairman.

The Board shall meet at the headquarters or elsewhere, provided that the location is in Italy. Board meetings can also take place via audio or video conferencing, as per the conditions laid down by the Statute. The meeting is convened by a notice sent to all the Directors, Statutory Auditors and Auditor, if appointed, with any suitable means to ensure the proof of receipt, at least three days before the meeting and, in case of urgency, at least a day before.

To validate resolutions Board of Directors, the presence of the majority of its members in charge is required; resolutions are adopted of the by an absolute majority of the votes of those present. From the deliberations of the meeting, a report will be drawn up and signed by the President and by the Secretary, if appointed, which will have to be transcribed in the book of decisions of Administrators.

Administrators shall be reimbursed for expenses incurred for reasons related to their office. Members can also assign administrators to a fixed annual allowance or a fee that is proportional to the net profits made, as well as determine an allowance for the termination of appointment and decide on the provision for pension in accordance with the procedures laid down by the decision of the shareholders.

The Council shall pass resolutions validly with attendance and the majorities required by Article 2388 of the Civil Code<sup>9</sup>.

---

<sup>7</sup> Article 2381 of the Civil Code.

<sup>8</sup> Article 2380 *bis* of the Civil Code.

<sup>9</sup> Article 2388 - Validity of the resolutions of the Council



### **1.5.3. Chairman of the Board of Directors and Chief Executive Officer**

The Chairman of the Board of Directors performs an important function aimed at fostering the Council's internal dialectic and dialectic between corporate bodies and to ensure the balance of powers, in coherence with the task of organising the work of the Council itself and the circulation of information which are conferred by the regulations and by the Civil Code. The President convenes meetings of the Board of Directors, establishes the agenda, coordinates its work and ensures that all administrators are adequately informed about matters to be treated.

The Chairman of the Board of Directors has the power to represent the Company in dealings with third parties.

The President is responsible for the preservation of the heritage and the corporate name defining business strategies, by sizing the corporate structure and creating the availability for the acquisition of resources, releasing the delegations to business functions, signing agreements and proposing corrective actions and controlling their implementation.

### **1.5.4. Managing Director for administration and accounting**

In addition, a managing director was appointed with specific powers relating to the administrative, accounting, fiscal and tax management of the Company, granting him the representation of the Company, with reference to the exercise of the aforementioned powers.

---

The validity of the resolutions of the board of directors depends on the presence of a majority of the directors in office, when the statute does not require a greater number of present members. The Statute may provide that attendance at Council meetings by means of telecommunication systems.

Resolutions of the board of directors are adopted by an absolute majority of those present, unless otherwise provided by the statute.

The vote cannot be given for reasons related to representation.

Resolutions that are not adopted in accordance with the law or the statutes may be contested only by the board of statutory auditors and administrators who are absent or dissenting within ninety days from the date of the proceedings; in compliance with article 2378. Resolutions affecting their rights of shareholders can also be challenged by the same; apply in this case, in so far as they are compatible, articles 2377 and 2378.

In any case, the rights required by third parties are without prejudice and in good faith, on the basis of acts carried out in the during deliberations.



For details of all the powers assigned to the Chief Executive Officer, please refer to the Company Profile.

#### **1.5.5. Managing Director for finance, trademarks and patents**

Furthermore, a managing director has been appointed with specific powers for the protection of trademarks, copyrights, domain names, patents for inventions, for utility or ornamental models, design and in general any other industrial property right or intellectual property over which the Company has rights of any kind, granting it the representation of the Company, with reference to the exercise of the aforementioned powers.

For details of all the powers assigned to the Chief Executive Officer, please refer to the Company Profile.

#### **1.5.6. General Manager**

Pursuant to art. 17, fourth paragraph of the Articles of Association, the Administrative Body has appointed a General Manager who has been granted various powers for which reference should be made to the Company Registration.

In addition, the General Manager has been identified as the Employer pursuant to art. 2, paragraph 1, lett. b), Legislative Decree 231/2001 and Delegate for the Environment, pursuant to Legislative Decree 152/2006.

#### **1.5.7. The Sole Auditor**

The Sole Auditor monitors compliance with the laws, regulations and statutory provisions, correct administration, the adequacy of the organizational and accounting structures of the Company. The Mayor may at any time proceed, even individually, to acts of inspection and control.

The Sole Auditor is responsible for supervising the functionality of the overall internal control system. Considering the plurality of corporate functions and structures having



control tasks and responsibilities, this body is required to ascertain the effectiveness of all the structures and functions involved in the control system and the adequate coordination of the same, promoting the corrective actions of the deficiencies and of the detected irregularities.

### **1.5.8. Supervisory Board**

The Supervisory Body is an internal Body, established by Article 6 of the Leg.Dec. 231/2001.

The Supervisory Body has the task of monitoring:

- The effectiveness and adequacy of the model in relation to the corporate structure and the actual ability to prevent offences;
- Compliance with the requirements of the model by corporate bodies, employees and other recipients, in the latter case also through relevant corporate functions;
- The possibility to update the Model itself, where you encounter the need for adjustment of the same in relation to changing business conditions and/or regulations.

The components of the Supervisory Board are appointed by the Board of Directors and hold office for 1 year unless renewed.

For more details and information in this regard, reference should be made to the last chapter of this document and to the regulation of the Supervisory Body.

### ***1.6. Sanctioning apparatus of the Decree***

The sanctioning system of the Decree focuses on pecuniary sanctions and disqualification sanctions



### **1.6.1 Financial penalties**

Unlike what is provided for in the rest of the criminal and administrative system, the pecuniary sanction is determined by the criminal judge through a system based on "quotas" in a number of not less than one hundred and not more than one thousand and of an amount ranging from a minimum of € 258, 22 to a maximum of € 1549.37.

### **1.6.2 Disqualification sanctions**

The disqualification sanctions are applied in addition to the pecuniary sanctions and constitute the most important afflictive reactions.

These sanctions can have a duration of not less than three months and not more than two years and can only relate to "the specific activity to which the offense of the entity refers".

### **1.6.3 Other sanctions**

In addition to the pecuniary sanction and disqualification sanctions, the Decree provides for two other sanctions:

- confiscation (and preventive seizure as a real precautionary measure), which consists in the acquisition by the State of the price or profit of the crime (or, when it is not possible to carry out the confiscation directly on the price or profit of the apprehension of sums of money, goods or other utilities of a value equivalent to the price or profit of the crime);
- the publication of the sentence in case of application of a disqualification sanction, which consists in the publication of the sentence only once, in extract or in full, at the expense of the entity, in one or more newspapers indicated by the judge in the sentence, as well as through posting in the municipality where the entity has its headquarters.





### *1.7. Further organisational aspects envisaged by the Model*

In the arrangement of the present model, regulations, procedures and existing control systems and already operating control systems were of principal consideration, since they also apply as measures for the prevention of crime and unlawful behaviour in general, including those provided by Leg.Dec.. 231/2001.

The Company's bodies have dedicated and continue to devote the utmost care in defining and updating the organizational structures and operating procedures, both in order to ensure efficiency, effectiveness and transparency in the management of activities and in the attribution of related responsibilities, and for the purpose to minimize dysfunctions, malfunctions and irregularities (which also include illegal behaviour or in any case not in line with what is indicated by the Company).

The organizational context of the Company consists of the set of rules, structures and procedures that guarantee the functioning of the Company itself.

Specific existing instruments, directed to plan the formation and implementation of business decisions and to carry out checks on the activities of the Company, also in relation to the offences and the offences to prevent, the Company has identified are:

- the corporate governance rules adopted in implementation of the relevant corporate and regulatory legislation;
- the system of powers and delegations;
- the Code of Ethics;
- the Codes of Conduct;
- 231 Preventive Protocols and Company Procedures.

The rules, procedures and principles related to the instruments listed above are not reported in detail in the present model but are part of the broader system of organisation, management and control that the same intends to integrate and that all recipients, both internal and external, are obliged to respect, in relation to the type of relationship with the Company.



## 2. RESPONSIBILITY FOR APPROVAL, TRANSPOSITION, INTEGRATION AND IMPLEMENTATION OF THE MODEL

Pursuant to Article 6, paragraph 1(a) of the Decree, the adoption and effective implementation of the model constitute the required duties and enactment of the Company's executive Body<sup>10</sup>.

The Board of Directors therefore has the responsibility and the power to approve, integrate and modify, by means of appropriate decision, the principles and provisions set out in the Model 231 (General Part and Special Part) and the annexes thereto, whereby the latter are an integral part of the model adopted by the Company.

Even decisions on subsequent additions and modifications of the model will be the responsibility of the Board of Directors of the Company, albeit on the impetus of the Supervisory Body, according to the following provisions.

The changes of individual Preventive Protocols (procedures, behavioural codes, regulations, etc.), as well as the insertion of new ones, with the subsequent updating of the risk management plan (compare § 4.3), can be approved by the Board of Directors, under the system of existing powers in good time. It relates in particular to those operations necessary for the transposition of the regulatory updates or organisational boundaries.

In any case the updated documents must be subsequently submitted to the first useful Board of Directors, or called for this purpose, for an appropriate assessment by all Councillors. The Board of Directors will be free to take note of the changes and ratify them, or, alternatively, it can approve them with changes or repeal its measures.

It will be the task of the Council of Directors to organise the implementation of the model through necessary assessment and approval of measures necessary for the implementation of the fundamental elements of the same. For the identification of

---

<sup>10</sup> In this context, "ruling Body" is understood as the Board of Directors (see for all in doctrine, ABRIZIO F B AVA, *the administrative responsibility of the Company and the identification of the Supervisory Body*, in *undertakings Investigating Judge.*, n. 12/2002, p.1903; LESSANDRA OLINARI M, *the administrative liability of legal persons*, in *Taxation* n. 38/2003, p. 15518); A IGI (UTORI V ARI), *organisational models ex Leg.Dec. 231/2001*, Giuffrè, 2005, p. 276.



these actions, the same will avail itself of the support and the reports of the Supervisory Body.

The Board of Directors must also ensure the implementation and the effective respect of the Protocols in the business areas "at risk of offence", also in relation to the requirements of adaptation in the future.

To this end the Board uses:

- managers of the various organisational structures of the Company in relation to activities at risk of offence, by the same;
- the Supervisory Body, which are given independent powers of initiative and control over the activities at risk of offence.



### **3. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL**

#### ***3.1. Salient features of the Model***

The Company decided to adopt a specific organisation, management and control model pursuant to the Decree, in the belief that this constitutes, as well as a valid tool for raising awareness of all those who work in the interest or to the advantage of the Company, adopting correct and honest behaviours, as well as an effective means of prevention against the risk offences and of administrative offences provided for by the legislation of reference.

In particular, through the adoption and the constant updating of the model, the Company proposes to:

- Create awareness in all those who work on behalf of society itself in the context of "sensitive activities" (i.e. activities or fields of work which, by their nature, are more susceptible to the offences referred to in the Decree), to be able to incur in the event of a breach of the relative provisions, with disciplinary consequences and/or contractual provisions, in addition to criminal and administrative sanctions applicable to themselves;
- Reconfirm that these forms of illegal behaviour are in any case contrary - to the provisions of the law - and also to the ethical principles to which the Company intends to follow in the exercise of business activity and, as such, are strongly condemned (even in the case in which the Company may seem to be in a condition to take advantage of it);
- Act promptly in order to prevent or impede offences and punish behaviours which oppose the Model, thanks to monitoring activities on the areas at risk.

Consequently, the Board of Directors considers that the adoption and effective implementation of the Model should not only allow the Company to benefit from the exemption described in Leg.Dec. 231/2001, but should aim to improve *Corporate Governance*, limiting the risk of Offences.

It is also the belief of the Board of Directors and the model adopted, without prejudice



to its peculiar purposes (prevention of risk of offence) and the necessary compliance with the requirements of law, should be lowered in the Company, by providing the specific objectives of ensuring the conformity of business practice with ethical standards and correct and lawful activities.

In this perspective, as regards organisational aspects, the Company has already formalised and made its organisational chart and the Quality Manual containing the business procedures operational.

Additional procedures not originally provided for in the quality system, but adopted as preventative protocols, are inserted and managed by the system itself.

The knowledge and dissemination of the corporate organisation chart, and of the manual and other organisational documents are guaranteed by the accessibility to all the staff of the folder on the network where the manual is saved.

With reference to the management aspects and governance, the Company refers to provisions by the Statute, which describes skills, responsibilities and powers of the Governing Bodies and the Company's Executives.

As suggested by the guidelines of the trade associations, the model formalises and clarifies the allocation of responsibilities, hierarchical lines of dependence and the description of tasks, with specific control principles such as, for example, the juxtaposition of functions (where the organisational dimensions permit).

As regards operational management, preventive control is constituted in the separation of duties and, where appropriate, in relation to the risk of offence, in the insertion of different levels of control.

As regards control aspects of the Company, in addition to providing for the imposition of an autonomous and independent Supervisory Body, ensures the integration and coordination of the activities of the latter with the existing system of internal controls, drawing on the experiences gained.

The Model does not modify the functions, tasks, and the existing objectives of the system of controls, but aims to provide greater guarantees regarding the conformity



of practices and business activities to the rules of the Code of Ethics and business rules that decline its principles in the framework of activities at risk of offence.

Finally, still on the subject of controls, the Model provides for the obligation to document (possibly through the drafting of minutes) the carrying out of inspections and controls carried out.

Finally, the communication actions and training provided by the Model will allow for:

- The staff, and potential offenders, to have full awareness of both the case at risk of committing a wrongful act as well as the total and absolute disapproval of the Company in respect of these conducts, deemed contrary to business interests even when apparently the Company may benefit;
- The Company to react promptly to prevent/inhibit the offence itself, thanks to a constant monitoring of the activity.

The Model adopted, therefore, involves every aspect of the activities of the Company through the research of the distinction of the operational tasks from assessment tasks (where possible), with the aim to properly manage the possible risk situations and/or conflict of interest.

In particular, checks involve, with different roles and levels, the Board of Directors, the Supervisory Board and the General Manager and all the staff, thus representing an essential attribute of the daily activity of the Company.

The Model represents a structured and natural system of processes, procedures and monitoring activities (preventive and *ex post*), which has the objective of allowing the conscious management of the risk of offences by identifying the assets at risk of offence and their consequent regulation through procedures.

### ***3.2. Activities concerning the adjustment of the structure of existing organisational requirements provided for by Legislative Decree 231/2001***

Regarding the evaluation of the Model and update processes and the improvement of



the same, in accordance with the Decree and the guidelines of the aforementioned trade associations, the Board of Directors decided to establish a process of *risk assessment* and *risk management*, by adopting the actions listed below:

- Identification and mapping of areas and business activities;
- Correlation of the areas and business activities with respect to the types of offence with consequent detailed mapping of areas and activities at risk of offence to be subjected to analysis and monitoring;
- Analysis of the protocols in place with reference to the activities at risk of offence and defining possible implementations that are aimed at ensuring adaptation to the requirements of the Decree. In this context, particular attention has been and will be given to the:
  - definition of ethical principles in relation to behaviours that can integrate offences;
  - definition of the activities at risk of offence;
  - The definition of a plan for implementing Protocols;
  - Definition of a specific plan for the training of staff;
  - Definition of the Protocols for the third parties (consultants, suppliers and *outsourcers*);
  - definition and application of a specific system of sanctions and discipline, including a suitable deterrence system;
- identification of the Supervisory Body in a Body set up *cad hoc* by the Company and attribution, to the same, of specific supervisory tasks regarding the efficiency and effectiveness of the Model;
- definition of information flows to the Supervisory Board and from these to the Corporate Bodies.

Chapters 3.3., 3.4., 3.5., 3.6 and 3.7 below illustrate, in particular, the organisational structures and management systems and internal controls aimed at the prevention of specific risks

- respectively - of substances of the hygiene and safety in the workplace and environmental protection, of offences of association, self-laundering, structured in accordance with the parameters set by the standards in force.



### ***3.3. The Organization, Management and Control Model for the prevention of the risk of offence in matters relating to hygiene and safety at work***

With reference to the risks induced by manslaughter offences and serious or very serious due to lack of protection in relation to hygiene and safety in the workplace, the main preventive measures adopted by the Company are represented by their compliance with the obligations provided for by Legislative Decree 81/2008.

The Company has therefore established an organisational structure, managed by the employer; appointments of the Head of the Prevention and Protection Service, Emergency Doctor for staff, the Workers representative for Safety matters, have also been nominated.

Failure to comply with the measures aimed at ensuring the hygiene and safety in the workplace is punishable through the system of sanctions and discipline as per Model 231.

A system is also provided for specific control on the implementation of the same system and on the maintenance over time of the eligibility conditions of the measures adopted, through the work of the Prevention and Protection Service and a third check by the Supervisory Board, which plan annual assessment activities, reporting, on an annual basis, the results to the Board of Directors of the Company.

Finally a review and possible amendment of the solutions adopted will be carried out if there are significant breaches of the rules relating to the prevention of accidents and occupational hygiene, or on the occasion of changes in the organisation and activity in relation to the scientific and technological progress (activities through the RSPP, operational as per Article 28 .Dec. 81/2008 and on the occasion of the regular meeting, referred to in Article 35 of Leg.Dec. 81/2008).

### ***3.4. The Organisation, Management and Control Model for the prevention of the risks of environmental offences***

With reference to the risks induced by environmental offences, the main preventive





measures adopted by the Company are represented by their compliance with the obligations provided for by Legislative Decree 152/2006 and amendments and additions.

The Company operates in the conviction that the environment is a heritage to be safeguarded in the interests of everyone and is inspired by the principles of sustainability and environmental protection. It has always recognised the high value of defending the environment, also in relation to a vision of sustainable development of the territory.

In accordance with the national and regional regulations, the Company strives to ensure that every activity is carried out in full respect of the environment, minimising both the direct and indirect environmental impacts of its activities, to preserve the natural environment for future generations.



### ***3.5. The Model of Organization, Management and Control for the prevention of risks of offences of association***

With reference to the risks induced by offences of association, the Company is equipped with organisational solutions, in line and in accordance with the indications provided by the trade association Guidelines.

In particular, the following organisational, logical and principal solutions are effective through preventive protocols:

- The requirements of good repute and ethics of the components of Company management: the requirements provided for by the law and regulations about the requirements of good repute of Company management as well as of the key features of the Company are scrupulously respected. It also adopted a system of sanctions and disciplinary proceedings, which includes recipients of every level in the Company; the sanctioning system is considered to be effective as a deterrent.
- Verification of the identity of the parties that have relations with the Company which, by way of example, include agents, representatives, intermediaries;
- Procedures for the selection of main transparent and traceable suppliers;
- Strict compliance with the indications of Model 231 adopted with reference to the reduction of the risk of offences being committed, which could lend themselves to act of offence - the purpose of a criminal association: in line with protocols adopted for the reduction of the risk of offences reference is made to individual protocols.
- Strict compliance with the indications of Model 231 for the discipline of the management of financial resources: the protocols provided for the formation of decisions expend its effectiveness in the process of managing financial resources, by imposing the principles of traceability and verifiability of managerial decisions.

The Company believes that these protocols are effective in the prevention of the risks of offences of association referred to in art. 24-ter and that these offences are possible only through the fraudulent breach of protocols themselves.



### ***3.6. Self-Laundering***

In relation to circumstances of self-laundering of goods or money, already present in the assets of the Company, preventive protocols provide for the effectiveness of the Company procedures that govern the management of the treasury, cash, investments. Also relevant for the purposes of prevention of the offence in question, are the measures taken to prevent the committing of offences mentioned in the Decree, as potential underlying offences originating from goods as being potential objects of laundering.

Among the underlying offences which are not independently provided for in ex Leg.Dec. 231/2001, tax offences deserve special consideration<sup>11</sup>; with regards to such offences, the Company recognises the effectiveness of preventive protocols with Company procedures that govern financial and tax accounting, the drafting of the budget and relative checks by the bodies and individuals in charge.

### ***3.7. The organization, management and control model for the prevention of the risks of tax offenses***

The conversion law n. 157 has definitively approved the decree law n. 124 of 26 October 2019, the so-called Tax Decree entitled "Urgent provisions in tax matters and for non-postponable needs".

This provision has fully implemented the changes introduced in the referent to the text of the Decree and therefore, both the attenuation of the sanctioning system against individuals (the slight lowering of the maximum legal penalty limit for crimes relating to declarations it is balanced by the elimination of the lowering of the thresholds for both crimes of failure to pay), and the tightening of the discipline towards legal

---

<sup>11</sup> It has in fact been argued that for those who commit a tributary offence, the possibility of sinking into self-laundering is quite high (among the first comments on the subject, L. Ambrosi, A. Iorio, *Il Sole 24 Ore*, 3/1/2015); the circumstance, shared by the commentators, relates to the case in which an executive or (less likely) an employee commits a tax related offence to the advantage of the Body and then reuses the proceeds of the same offence to the advantage of the Body: the latter may be required to respond to a self-laundering offence. According to part of the doctrine and a circular of Confindustria, n. 19867 of June 2015, however, self-laundering offences should recognise, pursuant to the administrative responsibility of the bodies, only if the alleged offence, that has generated the proceeds as a crime without criminal intent, is an alleged offence which has already been invoked by Leg.Dec. 231/2001. Otherwise, in support of said doctrine, it would excessively expand the perimeter of responsibility, making it impossible to implement the principles of exemption referred to in Articles 6 and 7 of the Decree itself.



persons.

In relation to this last aspect, further types of tax crimes provided for by Legislative Decree no. 74/2000. Have been included in the list of predicate offenses.

Specifically, the crime of fraudulent declaration through the use of invoices or other documents for non-existent operations pursuant to art. 2 (punished with a pecuniary sanction of 500 shares, which falls to 400 in the attenuated hypothesis referred to in paragraph 2-bis recently introduced), the crimes of:

- fraudulent declaration by other devices;
- issue of invoices or other documents for non-existent transactions;
- concealment or destruction of accounting documents;
- fraudulent evasion of the payment of taxes

If, following the commission of the aforementioned crimes, the entity has achieved a significant profit, the financial penalty is increased by a third.

In addition, the application of the disqualification measures pursuant to art. 9 of Legislative Decree no. 231/2001, previously excluded by the decree, namely:

- the prohibition on contracting with the public administration, except to obtain the performance of a public service;
- exclusion from concessions, loans, contributions or subsidies and the possible revocation of those already granted;
- a ban on advertising goods or services.

A mitigation, however, is provided by the hypothesis of extinction of the offense referred to in Articles 2 and 3 through the payment of the entire tax debt, provided that the same intervenes before the suspect has formal knowledge of a criminal proceeding against him.

It is also specified that the sanctioning system has been amended with regard to confiscation due to disproportion, a measure that affects money, goods or other benefits of which the convicted person cannot justify the origin and of which, even through an intermediary natural or legal person, appears to be the owner or have the availability for any reason in a disproportionate value to his own income (without prejudice to the application of the confiscation, even by equivalent, of the price or profit of the crime, pursuant to the provisions of art. ).



Furthermore, Legislative Decree 75/2020, has provided for in art. 5 different amendments to Legislative Decree 231/2001 expanding the catalog of predicate offenses, which now include the following offenses:

- fraud in public supplies,
- fraud against the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development,
- embezzlement,
- embezzled by profit from the error of others,
- abuse of office,
- unfaithful declaration,
- omitted declaration,
- undue compensation,
- smuggling.

The extension of the list of predicate offenses with the inclusion of tax offenses made it necessary to update the Model in relation to the crime risk analysis and the existing internal control system.

The Model must therefore constitute an effective tool to prevent the risks of committing the tax offenses seen above and to provide evidence, even after some time, of the preventive controls prepared in the light of the risks identified and actually carried out in sensitive activities.



#### 4. ANALYSES AND ASSESSMENT OF OFFENCE RISKS AND IDENTIFIED RISK MANAGEMENT

Analysis of a risk of offence is an activity that has, principally, the objective of identifying and contextualising the risk of offences in relation to governance, to the organisational structure and to the activities of the institution.

Secondly, through such activities, useful information can be obtained to support the choices of the Supervisory Board and the Board of Directors (for the respective competences) in relation to measures of adaptation and improvement of the model of organisation, management and control of the institution indicated by Leg.Dec. 231/2001 (such as levels of exposure to the individual risk of crime).

The analysis of the risk of offence was carried out through the evaluation of the following factors:

- The identification of the risk of offence (through the identification of areas and activities at risk of offence);
- The real probability that an unlawful event might happen (through the evaluation of the probability of threats that induce or can induce the illicit event);
- The possible damage arising from the implementation of a criminal offence (through the evaluation of its impacts);
- The corporate organisational weaknesses that may be exploited to commit crimes (vulnerability level).

The risk assessment carried out can be synthesised using the following formula:

$$\text{Risk of Offence} = (\text{Probability of Threat; Vulnerability; Impact})$$

With respect to this formula:

- The Probability of Threat: the frequency of the occurrence of a threat;

In other words, an action, an activity, a process or a potential event that, in relation to the types of offence, represent a possible mode of implementation of the same crime.



- The level of Vulnerability: the level of corporate organisational weaknesses; vulnerability can be exploited to commit crimes and consists in the lack of preventive measures which make it possible for threats to occur and the consequent implementation of an offence;
- The Impact: the resulting damage of an offence in terms of sanctions, economic consequences, damage to image, as determined by the legislator or representatives;
- The Risk of Offence: the probability that the institution would suffer a loss determined by an offence through the implementation modalities that exploit vulnerabilities represented by the lack of preventive measures.

In order to identify the "areas" and of "activity" "at risk offence", it is first necessary to determine the scope of application of the assumptions of the subjective Decree. In particular, subjects were indicated, whose unlawful conduct may result in the Company bearing full responsibility of the proceedings.

In more detail (as provided for by Art. 5 of Leg.Dec. 231/2001):

- a) from people that have functions of representation, administration or direction of the Body or of one of its organisational units with financial and functional autonomy, as well as by persons who, de facto or otherwise, exercise the management and the control of the same;
- b) by persons subject to the direction or the supervision of one of the entities referred to in (a).

The results of the activity of mapping of areas and business activities at risk of offence are given in **the Special Part of the Model**.



## **5. CODE OF ETHICS**

Between the main and most general preventive protocols, the Company has adopted a Code of Ethics, the principles of which have been effective through the adoption of the organisation, management and control Model, and integrating with it.

The Code of Ethics adopted by the Company is a document of general scope because it contains a series of "Ethical" principles (ethical rules applied to professional activities), which the Company recognises as its own and with which it intends to enforce compliance from its employees and all those who, even outside the Company, operate in its interest or to its advantage (Recipients).

The Code of Ethics embodies the care required to recipients in the performance of the services carried out in the interest or to the advantage of the Company.

The Code of Ethics also represents a point of reference for directing the behaviours of the recipients and of those who work in the interest or to the advantage of the Company, in the absence of specific preventive protocols.

The Company is engaged in the actual diffusion, internally and in respect of the entities that cooperate with it, of information relating to the regulations and behavioural and procedural rules to be respected in order to ensure that the business is conducted in compliance with ethical principles dictated by the Code of Ethics.

The Code of Ethics is subjected to periodical updates and eventual enlargement with reference to the new laws and for the effect of amending events of the operations of the Company and/or its internal organisation.

### ***5.1 Code of Conduct towards the Public Administration***

In addition to the Code of Ethics, the Company has established a "Code of Conduct towards the Public Administration" approved by the Company's Board of Directors with the approval of this Model.





This Code provides that anyone who operates in the interest or to the advantage of the Company through their employees or representatives must not promise or offer public officials money, goods or other benefits of various kinds in order to promote and favor their own interests or the interests of the Company or also to compensate or repay the Public Officials themselves for an act of their office, or to achieve the execution of an act contrary to the duties of their office.

Furthermore, the Code provides for a series of prohibitions that all Recipients must comply with, including:

- it is forbidden to influence the independence of judgment of the Public Official, divert him from the exclusive service to the Public Administration;
- any conduct aimed at ensuring any illegal advantage to the Company or the Recipient is prohibited;
- it is forbidden to distract the Public Official from carrying out their duties, promising or involving them in leisure activities, travel and / or relieving them of their duties by carrying out their activities;
- It is forbidden to ask the Public Official for information available to them for office reasons, behaviours that hinder the exercise of third party rights, behaviours that hinder the exercise of the Public Administration.

Finally, it provides that anyone who directly or indirectly receives requests for benefits from Public Officials must immediately report them to the Supervisory Body, through the official reporting channels, also described in the chapter of this Model relating to the Supervisory Body.

## ***5.2 Anti-corruption Code of Conduct***

In addition to the Code of Conduct towards the Public Administration, the Company has established an "Anti-Corruption Code of Conduct" approved by the Company's Board of Directors with the approval of this Model.



This Code contains rules of conduct that indicate the behavior that the Recipients must have towards Directors, Statutory Auditors, General Managers, Liquidators and Managers of the preparation of accounting or tax documents or the personnel of private companies in order to prevent conduct suitable for carrying out crimes of pursuant to Legislative Decree 231/2001.

The Anti-Corruption Code of Conduct reports the Company's position of absolute intransigence towards any form of abuse of office (passive bribery) and corruption, including against the staff of private companies. This position contributes to respecting the commitments to which the Company has voluntarily committed itself also through the formalization of its Code of Ethics.

The Code provides that all Recipients, in carrying out work activities, are required to take a firm opposition position with respect to any form of abuse of office and corruption. In order to obtain this respect, the Company undertakes to disseminate this Code through specific communications and information meetings.



## 6. REGULATION OF SENSITIVE PROCESSES THROUGH PREVENTIVE PROTOCOLS

The mapping of areas and activities at risk of offence, referred to in **the Special Part of the Model** , made it possible to define the sensitive processes in which phases, sub phases or activities could, in principle, check the condition, the circumstances or the means for offences, even if becoming instrumental to the concrete realisation of the offence.

With reference to these processes, the Board of Directors considers it absolutely necessary and a priority that, in the carrying out of operational activities, "Preventive Protocols" adopted, are respected, as deemed suitable to prevent offences through:

- the separation of operational tasks through the correct distribution of responsibilities and provisions, on multiple levels of authorisation and control, in order to avoid functional or operational allocations overlaps that focus critical tasks on a single subject (in each case a final signature of the legal representative is necessary for any formalisation of corporate desire or commitment of expenditure);
- the clear and formalised allocation of responsibilities and powers, with express indication of the operating limits and in coherence with the tasks assigned and the positions held in the context of organisational structure;
- the formalisation of the ethical and behavioural rules, suitable to ensure the exercise of corporate activities in compliance with the laws and regulations and the integrity of the corporate assets and of persons protected by the criminal laws of the alleged offences;
- The "proceduralisation" of activities at risk of offence in order to:
  - define and regulate the manner and timing of the activities of the same;
  - ensure the traceability of the acts, operations and transactions through adequate supporting documentation that attests to the characteristics and motivations of the operation and identify the



- subjects, at various levels, involved in the operation (authorisation and the carrying out, recording, verification of the operation);
- ensure, where necessary, the "objectification" of the decision-making processes and limit business decisions based on subjective choices not linked to predefined objective criteria;
  - the establishment, implementation and documentation of control and surveillance activities on the activities at risk of offence;
  - the existence of security mechanisms that ensure the adequate protection of the information from physical and logical access to data and assets of the Company information system, in particular with reference to the management and accounting systems.



## **7. STAFF TRAINING AND INFORMATION**

The Company, aware of the importance of the training and informational aspects to which the Preventive Protocol attributes primary importance, operates in order to ensure the awareness by the staff of both the content of the Decree and the obligations arising from the same, as well as of the Model.

For the purposes of the implementation of the Model, training, awareness-raising activities and those of information in respect of the staff are managed by business function authorities in close coordination with the Supervisory Body and with the leaders of other business functions involved in the application of the Model.

Training, awareness and informational activities concerns all the staff, including the Company Executives.

The activities of information and training must be planned and carried out both at the time of recruitment or at the beginning of the relationship, both on the occasion of changes in individual functions and tasks, i.e. Model modifications or additional factual or legal circumstances which will lead to the need to ensure the correct application of the provisions laid down in the Decree.

In particular, after adoption of the Model and subsequently to every significant update of the same the following is provided:

- information to all staff in force under the issuing state regarding the adoption of the present document;
- subsequently, an information set is given to newly hired staff containing references to the Model and to the relative Preventive Protocols, in accordance with the business practices adopted for other regulations such as privacy and information security;
- employee signing of appropriate forms regarding the knowledge and acceptance of the relevant information;
- planning of specific training activities with reference to those responsible for corporate functions and services.



In order to ensure the effective dissemination of the model and the staff information with reference to the content of the Decree and the obligations arising from the implementation of the same, a computer network dedicated to the topic was arranged in a specific area of the Company and updated (in which, as well as documents that constitute the information set mentioned above, there reforms and tools for reports to the Supervisory Board and any other potentially relevant documentation).



## **8. INFORMATION TO OTHER THIRD PARTIES**

Appropriate contractual clauses are provided to additional Recipients, especially suppliers and consultants, by functions with institutional links with the same, coordinated by the Supervisory Board, that inform on the policies and procedures adopted by the Company on the basis of the Model, the Code of Ethics of the Anti-corruption Behavioural Code with respect to the Public Administration and of the Code of Conduct for the sale of food supplements and medical devices, as well as the consequences that behaviours which do not comply with these documents, may have in terms of contractual relationships.

Where possible, specific clauses are inserted in contracts, aimed to regulate consequences such as termination or clauses or withdrawal rights, in the event of conduct contrary to the rules of the Code of Ethics and/or protocols of the Model.



## 9. DISCIPLINARY SYSTEM GUIDELINES

Necessary conditions to ensure the effectiveness of the Model and efficient action of the Supervisory Body is the definition of a system of penalties proportionate to the breach of the Protocols Quote and/or of further regulations regarding the Model or the Code of Ethics, as well as the corporate operating procedures that regulate the function of the Company's " core " processes..

This disciplinary system constitutes, in fact, pursuant to art. 6, paragraph 2, letter e) of D. Leg. 231/2001, an essential requirement for the purposes of exemption with respect to the liability of the Company.

The disciplinary system must indicate penalties for each recipient, in consideration of the different types of reports. The system as well as the Model, is addressed, in fact, to Executive and non-executive employees and third parties acting on behalf of the Company, by providing appropriate disciplinary sanctions in some cases and contractual/negotiation sanctions in others.

The application of the disciplinary system and the relating sanctions is independent from the existence and the outcome of the criminal proceedings which may be initiated by the Judicial Authorities in the case in which the unlawful behaviour also applies to the integration of a criminal offence pursuant to Leg.Dec. 231/2001.

In order to clarify in advance, the correlating criteria between the poor conduct of workers and the disciplinary measures taken, the Board of Directors classifies the actions of Executives, all other employees and other third parties in:

1. behaviours which constitute a failure to execute the orders given by the Company both in written form and in Minutes, such as, by way of example:
  - breach of the Code of Ethics;
  - breach of procedures, regulations, internal written or verbal instructions;
  - breach, bypassing or culpable deactivation of one or more Protocols;
2. behaviours which constitute a serious breach of the discipline and/or to the diligence that would lead to radical loss of trust in the Company by the





author, such as the adoption of conduct referred to in the previous point 1. Directed unequivocally to the fulfilment of a crime or to represent one to the detriment of the Company as well as repeated breaches to the corporate operating procedures;

3. Behaviours which cause serious moral or material harm to the Company, leading to the termination of contract, even on a temporary basis such as the adoption of behaviours that integrate one or more offences or alleged unlawful acts and deeds of a criminal nature, i.e. behaviours referred to in points 1 and 2, committed with intent.



## **10. SUPERVISORY BOARD**

### **10.1. *Identification of the Supervisory Board***

Article 6(b) of Leg.Dec. 231/2001 requires, as a condition for obtaining exemption from administrative responsibility, that the task of supervising the functioning and compliance with the indications of the Model as well as to ensure updates of the same, is entrusted to an internal Body of the Company, equipped with independent powers of initiative and control.

The autonomy and independence required by regulations, assume that the Supervisory Board, in the course of carrying out its functions, is placed in a functional position, on a par with the entire Board of Directors.

In view of the specificity of the tasks that belong to the Supervisory Board, which will perform the functions of supervision and control provided by the Model, its task is entrusted to an ad hoc collegial Body, established by the Board of Directors as approval of the Model.

In performing the tasks of supervision and control, the Supervisory Board of the Company is supported, as per regulations, by all the business functions and may avail itself of other functions and external professionalism that, from time to time, may prove necessary for this purpose.

### **10.2. *Architecture and Composition of the Supervisory Board***

Theory and practice have developed different and heterogeneous solutions regarding the possible architecture and the composition of the Supervisory Board, this is also in consideration of the dimensional characteristics of the Body, of the rules of *corporate governance* and of the need to achieve a fair balance between costs and benefits.



In this regard, the Board of Directors has analysed the solutions envisaged by trade associations and from the legal advisers and the organisation of the Company itself in order to identify the strengths and any contraindications of different solutions envisaged.

For the purposes of the selection of the Supervisory Board, it was considered appropriate to assess, with reference to each of the solutions envisaged, the existence of the following characteristics:

- autonomy and independence of the Body and of the members intended as:
  - independent, functional subjectivity of the Body itself;
  - possession of independent powers of initiative and control;
  - the absence of operational tasks;
  - placement of staff to the Board of Directors;
- professionalism, understood as a Body of knowledge, tools and techniques that the Body, through its members, must possess:
  - adequate expertise in inspection and consultancy activities (statistical sampling techniques of analysis and assessment of risks, measures for risk mitigation, *flow charting* of procedures, processes, knowledge of the law and the administrative technical accounting, etc.);
- continuity of action, to be realised through the presence of an internal person, always fully available to carry out supervisory activity on the Model.

In view of the elements illustrated above and with specific regard to the structure and operation of our Company, the Board of Directors has considered that the solution that best ensures compliance with the requirements laid down by the Decree is represented by conferring attributes and powers of the Supervisory Body pursuant to Leg.Dec. 231/2001 to a collegial Body, established ad hoc and composed of the following 3 members:

- Avv. Antonio Zimbardi;
- Roberto Infantino;
- Dott.ssa Anisa Shurdha.

Taking into account the specificities of the responsibilities assigned to the Supervisory



Board and the specific professional competencies that they require to carry out the tasks of supervision and control, the Supervisory Board is supported by all internal business functions and may also avail itself of the support of external subjects whose professional contribution may be, from time to time, necessary.

The Body undertakes, in turn, to regulate the rules for its functioning, formalising these as appropriate regulations, as well as the procedures for management of required information flows (see in this regard the "Regulation of the Supervisory Body").

With the decision to approve the present Model and appointment of the Supervisory Body, the same is attributed, on an irrevocable basis, the funding necessary to perform its tasks to the best of its abilities. The power of spending is explained in accordance with any applicable, relevant business procedures.

### **10.3. *Term in office, revocation and replacement of members***

The Board of Directors appointed the members of the Supervisory Board by means of appropriate decision of 26/10/2018 that determines the duration of term in office of 1 year unless renewed.

The members of the appointed Body shall remain in office for the duration of the mandate received regardless of the change in the composition of the Board of Directors that appointed them. This principle does not apply when the renewal of the Board of Directors depends on criminal acts that have led to (or can lead to) the responsibility of Company, in which case the newly elected Board of Directors shall restate the composition of the Supervisory Body.

It is also the Board of Directors' responsibility to periodically assess the adequacy of the Supervisory Body in terms of the organisational structure and powers conferred to it, making, means of Board resolution, changes and/or additions deemed necessary.

For the purposes of the assessment of the requirements of autonomy and independence, from the moment of appointment and for the duration of term in office, the components of the Supervisory Board:

1. should not take on the role of executive directors or delegates in the Board



- of Directors of the Company;
2. should not carry out executive functions on behalf of the Company;
  3. should not entertain significant business relations<sup>12</sup> with the Company, apart from the existing subordinate employment relationship, nor entertain significant business relations with administrators with delegated powers (executive directors);
  4. should not be part of the family nucleus of executive directors or one of the Company shareholders;
  5. should not be, directly or indirectly, hold shareholdings in excess of 5 % of the Company's share capital with the right to vote, nor adhere to pacts which concern or bring about exercising powers of control over the Company;
  6. must not have been convicted or be the subject of investigation, for crimes which the Model seeks to prevent.

The components of the Supervisory Board are obliged to sign, on a yearly basis, a statement certifying that it will comply with the requirements of autonomy and independence referred to in the previous point and, in all cases, communicate immediately to the Council and the same Supervisory Board the occurrence of impeding conditions.

Other than in the case of death, component members of the Supervisory Board will automatically be removed from office if they:

- do not comply with the preceding points;
- are declared, by Law, as incapable, prohibited or incapacitated;
- are sentenced to a penalty that leads to prohibition, even temporary, by public offices or the inability to hold an executive position.

The loss of the eligibility, integrity and professionalism required for members of the of the Supervisory Board, will lead to the automatic removal from office.

---

<sup>12</sup> "Significant" business relations refer to those that exceed 15 % of the volume of business of a professional or the Office the same is associated with.



Without prejudice to circumstances of automatic removal, the members of the Body may not be revoked by the Board of Directors unless it is for a just cause.

Reasons for the just cause of removal from office include:

- failure to participate in more than two consecutive meetings without justification;
- interruption of the employment relationship, where the component is also an employee of the Company or a subsidiary or affiliated;
- subjecting the component to prohibiting or disqualification procedures, or insolvency procedures;
- banning, in criminal proceedings with objection to offences involving a penalty leading to disqualification, even temporary, from public offices or the inability to exercise executive roles.

In the event of resignation or automatic revocation of a member of the Body, timely notice will be provided by the same to the Board of Directors which will take, without delay, the necessary decisions and appoint a new component.

The President or the oldest member of the Supervisory Board is required to communicate, immediately to the Board of Directors the occurrence of one of the circumstances which gives rise to the need to replace a member of the Supervisory Board.

The Supervisory Board is fully disqualified, i.e. all its component members are removed from office, if they are lacking, due to resignation or other causes, the majority of the components themselves. In this case, the Board of Directors shall newly appoint all components.

For at least two years from removal from office of all component members of the Supervisory Board, they cannot entertain significant business relations with the Company or with other subsidiary or associated companies, with the exception of a subordinate employment relationship existing prior to the appointment of a member of the Supervisory Board.

"Business relations" do not refer to employment relationships, the organic



representation, being a component member of a board of directors, the exercising of control activities of auditors or the accounts control Body, within the Company, in cases where those positions were already existing, also with regards to different positions, before taking on the role of component member of the Supervisory Board. For the purposes of this document, business relations shall be considered "significant" if they exceed 15 % of the volume of business of the professional or the Office the same is associated with.

#### **10.4. *Rules of convocation and operation***

The rules of the convening and the functioning of the Supervisory Board are established in special regulations that, in compliance with the principles of autonomy and independence, the Supervisory Board itself draws up and approves, internally.

Therefore, to learn about the operational aspects concerning the operation and roles within the Body, please refer to the Supervisory Board Regulations.

#### **10.5. *The functions and powers of the Supervisory Board***

It is the ultimate responsibility of the Board of Directors to adopt the Model, and all operational decision-making aspects related to the organisation, management and the internal control system, as the Body responsible for the to the organisational adequacy under Article 2381 of the Civil Code.

Whereas, the Supervisory Body has the task of ensuring:

- the effectiveness and adequacy of the Model in relation to the corporate structure and the actual ability to prevent the commission of crimes;
- the actual compliance with the requirements of the Model by the corporate Governing Bodies, Employees and other Recipients, in the latter case, also through relevant corporate functions;
- the possibility to update the Model itself, where you encounter the need for adjustment of the same in relation to changed business conditions and/or regulations.



Regarding the procedures for implementing the tasks set out above, the Supervisory Body refers to its regulation in which the surveillance tasks in relation to efficiency, effectiveness and possibilities to update the Model are better specified.

For the purpose of performing the role and function of the Supervisory Board, the Board of Directors assigns the powers of initiative and control, budget and prerogatives, necessary in order to ensure to the Body itself is able to carry out the supervisory activities related to the functioning of and compliance with the Model and its update in accordance with the requirements of the Decree.

#### **10.6. *Reporting to Governing Bodies***

The Supervisory Board reports directly to the Board of Directors regarding the implementation of the model and to detect criticalities. For full adherence to the requirements of the Decree, the Supervisory Board reports directly to the Board of Directors, in order to guarantee the full autonomy and independence in the performance of the tasks entrusted to it.

The Supervisory Board shall annually submit to the Board of Directors the plan of activities for the following year, which may be require a relevant resolution to be passed.

The Supervisory Board shall annually present to the Board of Directors, the Stocktaking Report on the activities of the preceding year, providing reasons for deviations from the Preventive Activity plan.

The activity of reporting is carried out by the Supervisory Board as well as any criticalities which emerge, both in terms of behaviour or the Company's internal events, and in terms of the effectiveness of the Model.

The Supervisory Board proposes to the Board of Directors, on the basis of the criticalities identified, corrective actions it deems appropriate in order to improve the effectiveness of the Model.





In the event of an emergency or when requested by a member, the Supervisory Board is obliged to report immediately to the Board of Directors regarding any criticality found.

The annual report must refer to:

- the activity carried out, indicating, in particular, the monitoring tasks carried out and the outcome thereof, the checks carried out and the outcome thereof, the possible updating of the evaluation of assets at risk of offence;
- the criticalities (and ideas for improvement) emerged both in terms of behaviour or internal events, and in terms of the effectiveness of the Model;
- corrective and improvement actions planned and their state of implementation.

Meetings with the Governing Bodies, to which the Supervisory Board refers, should be recorded and a copy of the minutes must be kept by the Supervisory Board and Bodies that are involved from time to time. If the Supervisory Board refers on any occasion, for which provision is made for the verbalization in the book of the minutes of the Board of Directors of the supervisory board will not be required to draw up the minutes in their book of meetings, but will be stored into the care of the supervisory board itself a copy of the minutes of the social component.

The Board of Directors, The Chairman and CEO, have the faculty to convene the Supervisory Board at any time.

The Supervisory Board must also coordinate with other competent Company functions on various, specific tasks.

### **10.7. *The flow of information to the Supervisory Body***

The Supervisory Board must be informed through flows of information by Directors, Auditors, Executive and non-executive staff in relation to events and aspects of ordinary and extraordinary activities that may be of interest of the Body itself.

In the context of business affairs, information/data/news identified by the



Supervisory Board and/or requests of these from other Company employees must be regularly communicated to the Supervisory Board such information must be transmitted on time and in ways that will be defined by the Body itself ("information flows").

The discipline of information flow to the Supervisory Body, where the identification of the information that must be communicated and the mode of transmission and evaluation of the information, as previously stated, is defined by the Supervisory Board. The following information must, in all cases, be communicated to the Supervisory Board:

- documentation relating to the approval of the budget (budget, reports and known corporate components and functions);
- changes to corporate organisational and function charts;
- changes to the system of proxies and powers;
- new products and services;
- public authority or supervisory audits (ASL, Arpa, VVdFF, Revenue Agency, etc.);
- measures and/or news from the judicial police, judicial authorities or from any other authority, which indicate the performance of criminal investigations, undertaken also against the Company, Executive and non-executive Company employees, i.e. unknown people (in compliance with the applicable provisions concerning the privacy and protection of the confidentiality of investigations);
- reports drawn up by the corporate bodies within the scope of their control activities, from which emerge facts, acts, events or omissions with risk profiles with respect to the system of administrative liability of the bodies referred to in the Decree, in relation to Company;
- disciplinary proceedings due to breach of the model, code of ethics and/or corporate legislation;
- audits and management system certification reports;
- news relating to emergencies with regards to safety at the workplace and environmental matters;
- accidents at the workplace and related events;
- environmental accidents and related events;



- training courses (231, hygiene and safety, privacy & security, environment and other matters of importance for the prevention of legal risks)
- any waivers to procedures, regulations or business regulations.

#### **10.8. Reporting to the Supervisory Board (whistleblowing)**

The Supervisory Board must be informed by the Recipients on an occasional basis, in relation to any other information, also coming from third parties and relevant to the implementation and the breach of the Model in Areas at risk of offence, as well as compliance with the provisions of the Decree, which could be useful for the purposes of fulfilling the tasks of the Supervisory Body ("Reports").

In particular, the following circumstances must be reported:

- illegal conduct, relevant under Legislative Decree 231/01;
- breach of the model and the Code of Ethics or Preventive Protocols which may result in a risk of sanctioning with respect to the Company, pursuant to the Decree;
- suspected breach of the model and the Code of Ethics or Preventive Protocols which may result in a risk of penalties for the Company, pursuant to the Decree;
- corporate or business operations for which you suspect may result in a risk of penalties for the Company, pursuant to the Decree.

#### **10.9. Mode of transmission and evaluation of information flows and reports**

With reference to the modes of transmission of information/ data/ news, the following provisions are valid:

Information flows must reach the Supervisory Board by the work the individuals responsible for the various corporate functions, using the mode defined by the Body itself, including by e-mail at [odv@lolipharmainternational.it](mailto:odv@lolipharmainternational.it).



The Reports that have as their object the evidence or suspicion of breach of the Model and the Code of Ethics or Preventive Protocols must be received by the appropriate reporting system provided by the Company.

Procedures for evaluation and management of reports are governed by a special procedure and by the Regulation of the operation of the Supervisory Board.

**10.10. *Obligations and requirements of the reporting system (whistleblowing)***

All recipients (which merely by way of example includes: Executive, non-executive employees and third parties who act in the interest or to the benefit of society), have the obligation to lodge, in order to protect the integrity of the Company, detailed reports of any illegal conduct, relevant under Leg.Dec. 231/2001, which in good faith, on the basis of reasonable belief based on facts, consider to have witnessed, or breach of the organisational and management model adopted by the Company, which has come to their knowledge by reason of the functions carried out.

The reports should be detailed and based on elements of precise and consistent facts.

The reporting system, whistleblowing, is organised through a specific procedure and an alternate channel of communication/reporting, which is different from channel used by the information flows (the latter are internal information and telematic business systems), suitable to ensure, even via automated methods, the confidentiality of the identity of the reporter.

In this perspective, the default channel is a Certified Electronic Mailbox [odvlolipharmaint@legalmail.it](mailto:odvlolipharmaint@legalmail.it) external to which only the external components of the Supervisory Board have access.



The Executive Recipients are inhibited from direct or indirect retaliatory or discriminatory acts against the Whistleblower for reasons connected, directly or indirectly, to the report.

#### **10.11. *Safeguarding Discipline***

In the circumstance of a report or complaint made in the forms and within the limits referred to in this Model 231 and detailed by the *whistleblowing* procedure, the pursuit of the interest in the integrity of public and private administrations as well as for the prevention and prosecution of corruption and of unlawful acts, constitutes just cause of revelation of news covered by the obligation of secrecy, referred to in Articles 326, 622 and 623 of the Penal Code and Article 2105 of the civil code (as required by applicable law).

When the news and documents that are communicated to the Body delegated to receive them via the *whistleblowing* procedure are the subject of a business, professional or office related secret, to reveal this in a manner that is excessive with respect to the objective of eliminating the illicit act and, in particular, revealing this fact out with the communication channels specifically designed for this purpose constitutes breach of the relative obligation of secrecy.

This is without prejudice to the obligation to respect professional and official secrecy for those who have learnt information or news through a professional consulting or assistance relationship with the Company or with the bodies and functions managing reports, which in respect of the applicable *whistleblowing procedure* (and within the scope of its autonomy and independence), have requested specialist opinions and support.

#### **10.12. *Books of the Supervisory Board***

The Supervisory Board sets, through its own regulation, detailed rules for the



verbalisation of the activities performed; these rules take into account the obligations of confidentiality regarding the names of any reporters and investigations of verification and authorities at the Head of the Board of Statutory Auditors and the Board of Directors, to consult the minutes of the meetings and the regular reports.

Any information, or reports of any kind provided for in this Model are kept by the Supervisory Board for a period of ten years in a suitable partition of the Company file server, accessible only by members of the Supervisory Board, i.e. in a suitable paper archive with selected and limited access exclusively to same components of the Supervisory Board.

The access keys to the paper archives will be attributed exclusively to the components of the Supervisory Board, which will return them immediately at the end of their assignment, for any reason this may occur.

Access to the Supervisory Board computer documents, can only be authorised, in writing, only to members of the Supervisory Board itself.

***Interests of the components of the Supervisory Body in the decisions of the Body itself***

Decision making modes in the case where one or more components of the Supervisory Board has an interest, either directly or indirectly, with respect to a decision to be taken, are governed within the regulation of the Body; for these cases the Supervisory Board foresees appropriate obligations to state reasons.

***Reports concerning a component of the Supervisory Board***

Detailed rules for the management of reports that relate to one or more components of the Supervisory Board are governed within the *whistleblowing* procedure.

In such cases, suitable information, verification and intervention related activities of other control bodies within the Company are provided, which ensure the correct execution of processes and decisions.



### **10.13. Registration of reports**

The Supervisory Board decides, through its own rules, the modalities of registration of reports relating to breach of the Model or a Protocol

(Governed also by the *whistleblowing* procedure); such rules shall take into account the obligations of confidentiality about the names of any reporters and verification investigations, in order to ensure that such data and information are not accessible by different people from the same components of the Supervisory Board.