

THE ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001 OF

G.E.A.F. SPA

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ANNEXES

1. **List of offences;**
2. **Code of Ethics;**
3. **Company Visura;**
4. **Risk Analysis Methodology;**
5. **Company Risk Analysis Table;**
6. **Environmental Management System Manual;**
7. **Management System and Occupational Health;**
8. **Quality Management Manual.**

DEFINITIONS

- "Author of the offence": one or more of the Recipients of the Model who, holding a specific position within the Company, or in any case acting on its behalf, commits one of the Offences;
- "CCNL": national collective labour agreement currently in force;
- "Environment Code or Environment Consolidation Act: Legislative Decree N. 152 of 03 April 2006;
- "Code of Ethic": a text containing the moral rights and duties of G.E.A.F., which defines the ethical and social responsibility of all those involved in the company's activities;
- "Non-continuous collaborators": persons engaged in G.E.A.F. for temporary assignments or for periods limited in time;
- "Consultants": who act in the name and/or on behalf of G.E.A.F. on the basis of a mandate or other collaborative relationship, as well as those persons outside the company organisation who provide consultancy and assistance of any kind in the interest of G.E.A.F.;
- "Recipients of the Model": all the subjects involved in the activity of G.E.A.F., including all employees, internal staff, collaborators, including non-continuous collaborators and *stakeholders*;
- "Legislative Decree 231/2001 or Decree": Legislative Decree N. 231 of 8 June 2001, as amended;
- "*due diligence*": checking and comparing the documentation relating to a particular company;
- "D.V.R.": Risk assessment document provided for in Article 28 of Legislative Decree 81/2008;
- "Continuous suppliers": persons having continuous supply relationship of goods or services with G.E.A.F.;
- A "corporate function" means a division of G.E.A.F. to which a single activity or a single branch of the corporate purpose of G.E.A.F. is assigned;
- "External stakeholders": all persons (natural and legal) who have any kind of collaborative relationship with the Company in order to pursue the corporate purpose;
- "GEAF": G.E.A.F. spa;

- "Model" or "Organisational Model": the Organisation, Management and Control Model provided for in Legislative Decree 231/2001;
- "Supervisory board or SUPERVISORY BOARD": an organisation within G.E.A.F., responsible for supervising the operation of and compliance with the model adopted pursuant to Legislative Decree 231/2001 and for checking that it is constantly updated.
- "Social organs": the members of the Board of Directors and the Controlling Board of G.E.A.F.;
- "*outsourcing*": all supplies of goods and services that the company requires from third parties;
- "P.A.": all those legal entities or companies controlled by public economic and non-public entities that are defined as Public Administration according to the provisions of the law in force;
- "General Part": General part of the Model indicating its general principles and the functioning of the Supervisory board;
- "Special Part": special part of the Model containing the risk analysis methodology adopted for the Sensitive Processes and the related procedures adopted to concretely prevent said risks;
- "Partner": contractual counterparties of G.E.A.F.', such as, for example, suppliers, consultants, agents and customers, both natural and legal persons, with whom the company establishes any form of stable collaboration (temporary business association - a. t. i. , *joint venture*, consortia, *etc.*);
- "Internal Staff": staff assigned to the activities carried out by G.E.A.F., including senior management, persons subject to the direction of others and, finally, employees or collaborators in any capacity within the company structure
- "Annual plan": annual programme of checks on the effectiveness and state of implementation of the Model;
- "Sensitive processes": a set of activities of G.E.A.F. within the scope of which there is a potential risk of commission of the Offences;
- "Offences": the single offences referred to in Article 24 and seq. of Legislative Decree N. 231/2001, therefore, one of the offences giving rise to the administrative liability of entities;
- "Functional manager": person responsible for a functional area identified as significant at the end of the risk analysis, identified on the basis of the G.E.A.F. organisation chart;

- "*Risk assessment*": identification of the single risk areas relating to each activity carried out by G.E.A.F. with a view to subsequently identifying the concrete risks with reference to the individual Offences;
- "R.S.P.P.": Head of the prevention and protection service as identified in the Unique Safety Text";
- "Apical persons": persons who, according to the provisions of Article 5 of Legislative Decree 231/2001, hold positions of representation, administration or management of the entity or of an organisational unit with sufficient financial and functional autonomy, as well as those persons who, effectively, manage or control the entity;
- "persons subject to the direction of others": persons who, according to the provisions of Article 5 of Legislative Decree 231/2001, depend on the supervision and control of apical persons;
- "*Stakeholders*": all those persons who, for various reasons, even only occasionally, are bearers of G.E.A.F.'s interests;
- "Unique Safety Text": Unique text referred to in Legislative Decree N. 81 of 09 April 2008 and subsequent amendments;
- "*Whistleblower*": a person who reports a concern, a report, or who communicates a violation of this model, the code of ethics or the potential commission of Offences.

GENERAL PART

SECTION I: REGULATORY FRAMEWORK

1.1 The regulation of the administrative liability of legal persons, companies and associations, according to the rules introduced by Legislative Decree 231/2001

Legislative Decree N. 231 of 8 June 2001, partially implementing the delegated law N. 300 of 29 September 2000, regulates - by introducing it for the first time in the Italian legal system - the administrative liability of legal persons, companies and associations, including those without legal personality (organisations). Before the introduction of this legislation, collective entities were not subject, under Italian law, to criminal-administrative liability and only natural persons (directors, managers, *etc.*) could be prosecuted for committing offences in the interest of the company.

This regulatory framework was profoundly changed by Legislative Decree 231/2001, which marked the adaptation of Italian legislation to a series of international conventions to which Italy had already adhered for some time: in particular, the Convention on the Financial Protection of the European Communities of 26 July 1995, the EU Convention of 26 May 1997 on the fight against corruption, and the OECD Convention of 17 September 1997 on combating corruption of foreign public officials in international business transactions. With the enactment of Legislative Decree 231/2001, the Italian legislature has complied with the obligations laid down in these international and Community instruments, which provide for the establishment of liability paradigms for legal persons and a corresponding system of sanctions to tackle corporate crime more directly and effectively.

Legislative Decree N. 231/2001 is therefore part of the context of the implementation of international obligations and - in line with the regulatory systems of many countries, at least in Europe - establishes the liability of the *company*, considered '*as an autonomous centre of interests and legal relations, a point of reference for precepts of various kinds, and a matrix of decisions and activities of persons operating in the name, on behalf of or in the interest of the company*' (thus the report on the preliminary draft reform of the criminal code, drawn up by the Commission chaired by Professor Carlo Federico Grosso).

The establishment of corporate administrative liability stems from the empirical consideration that unlawful conduct committed within a company, far from being the result of an individual's private initiative, often forms part of a widespread **company policy** and is the result of top management decisions.

This is an 'administrative' liability *sui generis*, since, although it involves administrative sanctions, it results from a criminal offence and its investigation follows the guarantees of criminal proceedings.

In particular, Legislative Decree N. 231/2001 contains a complex system of sanctions which ranges from the application of pecuniary sanctions imposed using quotas, to which are added, following the scale of the seriousness of the offence committed, disqualification

measures including the suspension or revocation of concessions and licences, the prohibition to contract with the public administration, the exclusion or revocation of loans and contributions, the prohibition to advertise goods and services; up to the heaviest disqualification sanctions, which can go as far as the prohibition to carry on the business activity itself.

The administrative sanction for the company, however, can only be applied by the criminal court, in the context of the guarantee rules laid down by the criminal justice system; this only if all the objective and subjective requirements laid down by the legislator are met. In particular, it is necessary that one of the offences for which the administrative liability of the company is provided for is committed and that this offence is committed in the **interest or to the advantage** of the company, by senior persons or persons subordinate to them.

The liability of entities also extends to offences committed abroad, provided that the State of the place where the offence was committed does not take action against them, and provided that the particular conditions set out in Legislative Decree 231/2001 are met: this implies, for the purposes of this Organisational Model, the need to consider any operations that GEAF finds itself carrying out abroad.

This aspect will be examined in the second part of this document, when the individual offence hypotheses for which the legislator has provided for the liability of the collective entity will be dealt with one by one.

As regards the necessary requirements for the administrative liability of the legal person, in addition to the criminal liability of natural persons, as already mentioned, the offence must be committed **in the interest or to the advantage** of the legal person. The **exclusive** advantage of the agent (or of a third party with respect to the organisation) does not determine any liability of the organisation, since the legal person is manifestly extraneous to the offence.

The potential perpetrators of the offence for which entities are liable are:

- a) "*persons who hold positions of representation, administration or management of the entity or of one of its organisational units having financial and functional autonomy as well as persons who exercise, also effectively, the management and control of the same*" (so-called apical persons);
- (b) '*persons subject to the direction or supervision of one of the persons referred to in point (a)*' (so-called persons subject to the direction of others).

As can be seen, the persons referred to by the provision in question are those who perform functions relating to the management and control of the entity or its branches: the legislator, therefore, wished to make a "functionalistic"¹ choice, rather than a "nominal" one, i.e. to focus attention on the concrete activity carried out, rather than on the qualification formally held.

¹ The term 'functionalistic' is to be understood as meaning the approach adopted by the legislature to give prominence to the function and activities actually carried out by the person, which are to be regarded as prevailing over the name or the sole corporate figure held by the possible perpetrator of the offence.

In this context, it should also be noted that persons holding the same functions in an 'organisational unit with financial and functional autonomy' are on an equal footing with persons holding functions of representation, administration or management of the entity: as is well known, this is an increasingly common figure in today's economy, especially in the context of companies with several offices and plants, and this requires special attention in order to develop an organisational model that in practice proves to be truly effective. We will see, in the special section devoted to individual offences, how it is necessary that every single professional figure potentially at risk of committing offences in GEAF is monitored, through the preparation of appropriate procedures, in order to ensure appropriate control and effective supervision of those activities which are "sensitive" with a view to the potential commission of the offences provided for by Legislative Decree 231/2001.

With regard to the subjects, it has already been stated that Article 5 - letter (b) refers to "*persons subject to the direction or supervision of persons in top positions*". In this regard, the Ministerial Report states that "*the choice of limiting the liability of the company to the sole case of an offence committed by top management would not have proved plausible from a logical and criminal policy point of view*". On the one hand, it would have been absurd to exclude the liability of the company for offences committed in its interest or to its advantage by an employee; on the other hand, modern economic realities are characterised by an obvious fragmentation of operational and decision-making processes, so that the importance of the individual employee in the choices and activities of the company is becoming increasingly important.

This requires, as is easy to understand, a detailed analysis of the individual procedures through which the various activities carried out by GEAF are carried out, so as to be able to set up effective control measures, capable of preventing the commission of offences or determining, if this is not the case, their rapid detection and reporting by the internal control bodies.

For the purposes of establishing the liability of the organisation, in addition to the existence of the requirements mentioned above, which make it possible to make an **objective** connection between the offence committed and the organisation's activity, the legislator also requires the assessment of a **subjective** requirement, consisting in the organisation's culpability for the offence committed. This subjective requirement is identified with the identification of a **fault of the organisation**, understood as the absence or ineffectiveness of adequate rules of diligence self-imposed by the organisation itself and aimed at preventing the specific risk of crime. These rules of diligence constitute the core content of this organisational model.

1.2 Offences giving rise to liability under Legislative Decree N. 231/2001

Before entering into the details of the activities carried out by GEAF in order to assess which of them expose the company to the possible commission of the offences provided for in Legislative Decree 231/2001, it is appropriate to complete the general framework of the boundaries of this regulatory source.

The liability of the organisation was initially envisaged for offences against the public

administration (Article 25 of Legislative Decree 231/2001) or against the assets of the public administration (Article 24 of Legislative Decree 231/2001). (Article 24 of Legislative Decree 231/2001). The liability of the company was initially envisaged for offences against the public administration (Article 25 of Legislative Decree 231/2001) or against the assets of the public administration (Article 24 of Legislative Decree 231/2001).

The subject matter of offences against the P.A. was then reformed by Law N. 3 d of 2019 with the introduction, among the relevant offences, of the case of trafficking in unlawful influence referred to in Article 346-bis of the Criminal Code.

Law N. 3 of 2019, in addition to including the above-mentioned offence, extended the applicability of the prohibitory sanctions set out in Article 9 - subsection 2 of Legislative Decree N. 231 of 2001.

The category of computer crimes and unlawful data processing (Article 24 bis) was then added; organised crime offences (Article 24 *ter*); on this point, it should be noted that Law N. 236 of 11 December 2016 introduced into the Criminal Code the new offence of unlawful trafficking in organs removed from a living person pursuant to Article 601 bis of the Criminal Code. This last offence is now found in a new paragraph, the sixth, of Article 416 of the Criminal Code, thus giving rise to the case of criminal association for the purpose of trafficking in organs, which has become a predicate offence for the liability of the entity under the Decree (Article 24 *ter* of Legislative Decree - Organised crime offences) offences relating to forgery of money, public credit cards and revenue stamps (Article 25 bis), offences against the public administration, and offences against the State (Article 25 bis). 25 bis), offences against industry and trade (art. 25 bis - 1), corporate offences (art. 25 *ter*); on this point, Law N. 69 of 27 May 2015 intervened by amending the corporate offences referred to in art. 25 *ter* of the Decree.

Most recently, Legislative Decree N. 38 of 15 March 2017, which implemented Framework Decision 2003/568/GAI of the European Council, reformulated the offence of "bribery among private individuals" under Article 2635 of the Civil Code, introduced the new corporate offence of "incitement to bribery among private individuals" provided for in Article 2635 bis of the Civil Code and inserted Article 2635 *ter*. The latter article introduced accessory penalties. Legislative Decree N. 38/2017 also had an impact on the regulation of the liability of entities pursuant to Legislative Decree N. 231/2001 in that Article 25 *ter* of the Decree was amended at letter s-bis) as follows: *'for the offence of bribery among private individuals, in the cases provided for in the third paragraph of Article 2635 of the Civil Code, the monetary sanction from four hundred to six hundred shares and, in cases of instigation referred to in the first paragraph of Article 2635-bis of the Civil Code, the monetary sanction from two hundred to four hundred shares. The disqualification sanctions provided for in Article 9, paragraph 2, shall also apply'*.

Subsequently, the same matter was reformed by Law N. 3 of 2019, which provided for ex officio prosecution for the offences referred to in Articles 2635 and 2635-bis of the Civil Code.

The list of relevant offences also includes the category of offences for the purpose of terrorism or subversion of the democratic order (Article 25c), female genital mutilation practices (Article 25 *quater-1*), and offences against the individual (Article 25 *quinquies*). With reference to Article 25 *quinquies*, with Law N. 199 of 29.10.2016, Article 603 *bis* of the Criminal Code "Illegal intermediation and exploitation of labour" was reformulated and this offence was included in the list of offences under Legislative Decree N. 231/2001 in the category under examination of the Decree.

Through Law N. 62 of 18 April 2005, the liability of entities was also extended to *market abuse* offences (*insider trading* and market rigging, Article 25 *sexies*). The legislator's intention to include in the 2001 decree all crimes that the entity can commit is evident from the constant increase in the number of "predicate" offences; in fact, the offences of negligent injury and manslaughter committed in violation of accident prevention regulations and the protection of hygiene and health at work (Article 25 *septies*) were subsequently introduced in 2007 - later amended by Legislative Decree 81/2008 -, as well as the offences of receiving, laundering and using money or other benefits of unlawful origin, selflaundering (the latter offence introduced by Law N. 186 of 15 December 2014) (art. 25 *octies*); offences relating to violation of copyright (art. 25 *novies*), inducing people not to make statements to the judicial authorities or to make false statements (art. 25 *decies*), environmental offences, including "ecorelates", introduced by Law N. 68 of 22 May 2015 (art. 25 *undecies*) and the offence of employing third-country nationals whose stay is irregular (art. 25 *duodecies*) as last amended by Law N. 161 of 17 October 2017.

Subsequently, with Article 5 of the European Law 2017, a new category of Offences (Article 25 *terdecies*) was introduced into Decree 231 against racism and xenophobia.

Subsequently, Article 25-*quaterdecies* was introduced into Decree 231 concerning sports offences (Articles 1 and 4 of Law N. 401 of 13 December 1989) by Law N. 39 of 03 May 2019.

A further intervention that has extended the list of offences relevant to Decree 231 is Law N. 157 of 19 December 2019, which converted with amendments Decree Law N. 124 of 26 October 2019; with this regulatory intervention, Article 25-*quinquiesdecies* concerning tax offences under Legislative Decree N. 74 of 10 March 2000 has been included.

The latest reform in the subject matter of the Decree was that of Legislative Decree N. 75 of 14 July 2020 which transposed the so-called PIF Directive (Directive N. 1371 of 05 July 2017). Legislative Decree N. 75 of 14 July 2020 inserted Article 25 *sexiedecies* which recalls the offences referred to in Presidential Decree N. 43 of 23 January 1973 concerning smuggling.

In the same measure, the legislator amended Article 24 of Decree 231 by adding the offence of fraud in public supply pursuant to Article 356 of the Criminal Code and the offence referred to in Article 2 of Law N. 898 of 23 December 1986 which punishes fraud in connection with European agricultural funds.

The reform also affected Article 25 of the Decree by adding the offences of embezzlement (Article 314, first paragraph, of the Criminal Code), embezzlement by means of profiting from the error of others (Article 316 of the Criminal Code) and abuse of office pursuant to Article 323 of the Criminal Code when these offences harm the financial interests of the European Union.

Lastly, Legislative Decree N. 75 of 14 July 2020 added to Article 25-*quinquiesdecies* paragraph 1-bis which introduces the offences of false declaration, omitted declaration and undue compensation (respectively, Articles 4, 5 and 10-*quater* of Legislative Decree N. 74 of 2000), the relevance of which is limited to cases in which they are committed with fraudulent cross-border systems and the tax evaded exceeds € 10 million.

Only the categories of offences referred to in Articles 24 et seq. of the Decree will be indicated below.

- 1) Offences against the assets of the public authorities committed through public funds (Article 24)
- 2) Offences related to computer crime and unlawful processing of data (Article 24 bis)
- 3) Organised crime offences (Article 24 ter)
- 4) Crimes against the P.A. (Article 25)
- 5) Offences of counterfeiting currency and against industry and trade (Articles 25 bis and 25 bis.1)
- 6) Corporate offences (Article 25 ter)
- 7) Offences committed for the purpose of terrorism or subversion of the democratic order (Article 25 quater)
- 8) Offences against the individual (Articles 25 quinquies and 25 quater. 1)
- 9) Offences of "market abuse" (Article 25 sexies)
- 10) Offences committed in breach of the rules on health and safety at work (Article 25 septies)
- 11) Offences of receiving, laundering and using money, goods or benefits of unlawful origin and selflaundering (Article 25 octies)
- 12) Copyright infringement offences (Article 25 novies)
- 13) Offences of inducement not to make or to make false statements to the judicial authority (Article 25 decies)
- 14) Environmental offences (Article 25 undecies)
- 15) Offences of employment of third-country nationals whose residence permit is irregular (Article 25 duodecies)
- 16) Crimes of racism and xenophobia (Art. 25 terdecies)
- 17) Offences of fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices (Article 25 quaterdecies)
- 18) Tax offences (Article 25 quinquiesdecies)
- 19) Offences of smuggling (Article 25 sexesdecies).

1.3 Exemption from liability: the organisation and management model

In Articles 6 and 7 of Legislative Decree N. 231/2001, the legislator provides, as a means of exemption from administrative liability, for the adoption of an effective and efficient organisation and management model capable of preventing the commission of offences of the same kind as those which have actually occurred.

From these provisions of the Decree, a difference emerges between the rules, and the evidential regime, in relation to offences committed by persons in top positions and offences committed by subordinates.

By introducing an inversion of the burden of proof, Article 6 provides that the organisation shall not be liable for offences committed by persons in top positions if the following circumstances apply:

- a) the management organisation has adopted and effectively implemented, before the commission of the offence, organisational and management models capable of preventing offences of the kind committed;
- b) the task of supervising the functioning and compliance with the models, as well as of ensuring that they are updated, has been entrusted to a organisation of the entity endowed with autonomous powers of initiative and control;
- c) the natural persons have committed the offence by fraudulently evading the organisation and management models;
- d) there has been no lack of or inadequate supervision by the organisation referred to in point b).

According to Article 7, for offences committed by persons subject to the direction of others, the organisation is liable only if the commission of the offence was made possible by failure to comply with the obligations of direction or supervision (in this case the burden of proof is on the prosecution). In any case, such obligations are presumed to have been complied with if the entity, before the offence was committed, adopted and effectively implemented an organisation, management and control model capable of preventing offences of the kind committed.

It follows that the adoption of a Model (or several models) constitutes an opportunity that the legislator gives to the entity, aimed at the possible exclusion of liability.

The mere adoption of the Model by the *management* organisation - which is to be identified in the organisation holding the management power, i.e. the Board of Directors of GEAF - is not, however, a sufficient measure to determine the exemption from liability of the entity, since it is actually necessary that the Model is *effective* and *efficient*.

As regards the effectiveness of the Model, the legislator, in Article 6(2) of Legislative Decree 231/2001, states that the Model must meet the following requirements:

- a) identifying the activities in the context of which offences may be committed (so-called mapping of activities at risk);

- b) provide for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the offences to be prevented;
- c) identify ways of managing financial resources suitable for preventing the commission of offences;
- d) provide for information obligations vis-à-vis the organisation in charge of supervising the functioning of and compliance with the models.

The effectiveness of the Model, on the other hand, is linked to its **effective implementation** which, pursuant to Article 7, paragraph 4, of Legislative Decree N. 231/2001, requires:

- a) a periodic check and possible amendment of the Model when significant violations of the provisions are discovered or when changes occur in the organisation or activity (updating of the Model);
- b) a disciplinary system capable of sanctioning failure to comply with the measures indicated in the Model.

According to Article 6, paragraph 3, of the Decree, the organisational models '*may be adopted (...) on the basis of codes of conduct drawn up by the associations representing the entities, and communicated to the Ministry of Justice which, in agreement with the competent Ministries, may, within thirty days, formulate observations on the suitability of the models to prevent offences*'. However, it should be stressed that the indications contained in the guidelines drawn up by the trade associations represent only a reference framework and do not exhaust the precautions that may be adopted by individual entities in the context of their autonomy in choosing the organisational models they consider most suitable.

GEAF's own characteristics allow it to refer generally to the Confindustria Guidelines, which will be discussed shortly, derogating from some of their provisions in order to better meet the organisation's concrete preventive needs.

1.4 Confindustria Guidelines

The Confindustria Guidelines for the construction of organisational, management and control models *pursuant to* Legislative Decree N. 231/2001 provide associations and companies with methodological indications on how to prepare an organisational model suitable for preventing the commission of the offences set out in the Decree, thus allowing the company to be exempt from liability and the related sanctions (pecuniary and prohibitory).

In drawing up this Model, GEAF was inspired by the Confindustria Guidelines, on the basis of the provisions of Article 6 paragraph 3 of the Decree.

This choice was dictated by the need to identify the best procedures to prevent the commission of the Offences.

It is understood that, following the indications provided by the Confindustria Guidelines, the Model takes into account the peculiarities of the type of activity carried out by GEAF.

SECTION II: THE ORGANISATION, MANAGEMENT AND CONTROL MODEL

2.1 GEAF's decision to adopt the Model provided for by Legislative Decree N. 231/2001

GEAF's decision to adopt an organisational and management model *pursuant to* Legislative Decree 231/01 is part of the company's wider policy of directing the Model's recipients towards transparent, correct management inspired by respect for the legal provisions in force and the fundamental principles of business ethics in the pursuit of the company's object.

Specifically, the main purpose of the Model is to identify a structured and organic system of procedures and rules of conduct and control activities in order to prevent - as far as possible - the commission of the different types of offence provided for in the Decree.

2.1.1 Presentation of the Company

GEAF is a company that manufactures and sells high-frequency and thermal welding machines for plastics, as well as all mechanical accessories and automatism for these.

2.2 Purpose of the Model

As said, this document identifies the structured and organic system of procedures and control activities (preventive and *post-factum*) aimed, in turn, at reducing the risk of commission of Offences, by identifying the activities presenting the highest risks and the consequent identification of the necessary safeguards.

The principles contained in this Model must lead, on the one hand, to determine a full awareness in the potential perpetrator of the offence, committing an offence (the commission of which is strongly condemned and contrary in any case to the interests of GEAF, even when it could, only apparently, gain an advantage), and on the other hand, thanks to constant monitoring of the activity, to allow GEAF to react promptly to prevent and prevent the commission of the offence.

One of the primary purposes of the Model is to develop awareness in the Corporate Bodies, Employees, Consultants, Partners and all other *stakeholders* who work on behalf of or in the interest of the Company in the context of the most risky activities, that they may incur - in the event of conduct that does not comply with the provisions of the Code of Ethics and other corporate rules and procedures (in addition to the law, of course) - in offences liable to result in significant criminal consequences not only for themselves, but also for the Company.

Therefore, GEAF intends any unlawful conduct of the Recipients to be censured and reprehensible, not tolerating conduct contrary to the law, the Code of Ethics and the Organisational Model and punishing the transgressor with the sanctions indicated below in section V.

The monitoring of compliance with the aforementioned rules is entrusted to senior management and internal control systems, all of which are subject to constant supervision by the Supervisory board, through the use of disciplinary or contractual sanctions.

2.3 Fundamental elements of the Model

The Model consists of a **table** of contents, a list of **annexes, definitions**, a **General Section** and a **Special Section**.

The General Part of the Model describes the regulatory framework of reference of the Model, its purpose, its structure and its implementation process; as well as the recipients of the Model and its essential components such as the structure and composition of the SUPERVISORY BOARD, indicating the functions and powers of the organisation, the rules governing the updating of the Model, the disciplinary system for violations of the Model, the obligations of communication and dissemination of the Model and those relating to staff training.

The Special Section identifies the individual offences which, at the end of the *risk assessment process*, have been associated with the activities considered potentially "sensitive" in relation to GEAF's situation, and which must therefore be subject to control.

Ultimately, these are those activities where it is theoretically likely that an offence will be committed, with the consequent identification of measures to mitigate the risk.

2.4 Recipients of the organisational model

The Model is addressed - *first and foremost* - to all GEAF staff who carry out the activities identified as being at risk. The provisions contained in the Model must, therefore, be complied with by the managerial staff, who work in the name and on behalf of the Company, and by any subordinate workers; all these persons must be suitably trained and informed about the contents of the Model, according to the procedures specifically provided for therein.

In order to guarantee an effective and efficient prevention of the Crimes, this Model is also addressed to the external collaborators, intended both as physical persons (consultants, professionals, *etc.*) and as companies which, by contract, lend their collaboration to GEAF for the realisation of its activities. The respect of the Model is guaranteed by the affixing of a contractual clause that obliges the contractor other than the company to comply with the principles of the Model in the activity that concerns the company.

With respect to GEAF's ongoing suppliers and *partners*, the Company is expected to carry out an adequate *due diligence* procedure before contracting with third parties. In particular, this control activity shall be aimed at verifying the reputation of the entity with which one intends to contract and of its main exponents (shareholders and directors), the financial situation, the competence to render the service subject of the contract, the major customers with which it operates and any relations with public authorities.

SECTION III. DISSEMINATION OF THE MODEL AND STAFF TRAINING

3.1 Actions taken by GEOF for the dissemination of its Model

The manner in which the Model is communicated must be such as to ensure that it is fully publicised, in order to ensure that the Recipients are aware of the procedures that must be followed for the proper performance of their duties.

According to the Confindustria Guidelines, information must be complete, timely, accurate, accessible and continuous.

GEOF is therefore committed to disseminating the principles and provisions contained in its Model as widely as possible.

As far as information is concerned, the Model is available on GEOF's official website, the address of which will be appropriately communicated to all Recipients, by means of an e-mail communication and/or any other method deemed appropriate by the company.

The training, on the other hand, is carried out taking into account the necessary diversification of depth depending on the persons to whom it will be delivered, their role, responsibilities, tasks assigned and activities carried out.

The training activity covers Legislative Decree 231/2001, the Code of Ethics and the Organisational Model.

All this is the subject of specific training activities in the phase of adoption of the Model and subsequently periodically whenever significant changes occur.

For persons at the top of the functions considered most at risk of commission of the Offences, the general training referred to above is supplemented by specific training concerning the Offences at greatest risk for each function and the safeguards identified to mitigate them.

3.1.1 Information for internal staff

In accordance with the provisions of the Confindustria Guidelines, information must be complete, timely, accurate, accessible and continuous.

Therefore, GEOF's Internal Staff shall be promptly informed, in compliance with the minimum modal requirements set out below, of the adoption of this Model.

GEOF undertakes to disseminate the Model by publishing it on its *website*, as well as on the company intranet (where all the company procedures that refer to it can also be found).

Similarly, major changes are promptly published on the GEOF *website*.

3.2. The first instrument for the effective adoption of the Model by the company: training

The training activities organised by the Company are aimed at promoting knowledge of the regulations set out in the Decree, the Model and the Code of Ethics adopted by the Company. In particular, for the responsible functions, training may be carried out in a room with one-day meetings at the company's headquarters.

If necessary, this training may be carried out by means of *e-learning*.

In any case, the company shall adopt the methods of delivering the training that are deemed most appropriate from time to time, always ensuring the effective understanding of the content by means of suitable preserved evidence.

3.2.1 Minimum training requirements

The training contents concern, in general, the regulatory provisions on the administrative liability of entities (and, therefore, the consequences for the Company of any offences committed by persons acting on its behalf), the essential features of the offences provided for by the Decree and, more specifically, the principles contained in the Code of Ethics, the Model and in the procedures/rules of conduct referring thereto, as well as the specific preventive purposes that the Model pursues in this context.

The training modules are structured in relation to the roles, functions and responsibilities of the individual Recipients and take into account, in particular, the risk level of the area of activity in which they operate. The training plan takes the form, depending on the case, of courses to be held in the classroom (both for general and technical-specific training) or, as mentioned only if necessary, in the distribution of a special training course in *e-learning* mode.

In particular, for those who work in the "areas of activity at risk", as identified in the special part of this Model below, the administrative manager in coordination with the employer schedules and carries out meetings aimed at disseminating knowledge of the Offences referred to in the Decree and of the specific safeguards of the areas of competence, as well as at illustrating the operating methods related to the exercise of daily activities in the individual areas of activity.

The training contents are adequately updated in relation to the evolution of the regulations and the Model, also as a result of significant organisational changes at GEAF. In particular, if significant changes occur (such as, for example, the extension of the administrative liability of entities to new offences that potentially directly affect the Company), the Board of Directors shall proceed to a consistent integration of the contents of this document, also ensuring its use by the Recipients. Training activities are adequately documented. In particular, participation in classroom training meetings is formalised by means of appropriate procedures to certify the presence of the persons concerned.

The Supervisory board periodically checks the state of implementation of training and, if necessary, requests specific checks on the level of knowledge and understanding acquired by the Recipients, in relation to the content of the Decree, the Model and the Code of Ethics.

SECTION IV. SUPERVISORY BOARD. STATUTES

4.1. Structure and composition of the Supervisory board

Article 6, paragraph 1, of Legislative Decree N. 231/2001 provides for the mandatory establishment of a Supervisory board (SUPERVISORY BOARD) within the entity, endowed with both an independent power of control (enabling it to constantly monitor the operation of and compliance with the Model) and an independent power of initiative, to ensure that the Model is updated.

Legislative Decree 231/2001, by virtue of the regulatory amendments made by Article 1(82) of the 2005 Finance Act, provides that the Supervisory board may be either single or multi-subject.

GEAF has opted, in full compliance with the regulations, for a collegial Supervisory board composed of two members from outside the organisation.

This solution was considered the most suitable, on the basis of the characteristics of its organisational structure, to ensure the effectiveness of the controls to which the Supervisory board is institutionally assigned.

It was also decided that the appointment of the SUPERVISORY BOARD, as well as any revocation, is the responsibility of the Board of Directors. The administrative organisation shall proceed with such operations in full compliance with the law, also on the basis of what is set out in the Confindustria Guidelines and, in any case, always ensuring that the Supervisory board meets the following requirements:

a) Autonomy and independence

The requirements of autonomy and independence are fundamental to ensure that the SUPERVISORY BOARD is not directly involved in the operational/management activities that are the subject of its control activities. These requirements are obtained by ensuring that the SUPERVISORY BOARD, to be considered as a separate *staff* unit in the organisational structure, has substantial hierarchical independence, providing that, in carrying out its functions, the SUPERVISORY BOARD is answerable only to the highest hierarchical level: the Board of Directors. The SUPERVISORY BOARD also cooperates directly with the Control Organisation.

In order to make the requirements set out in this paragraph effective, it was necessary to define some forms of protection for the SUPERVISORY BOARD, so as to ensure that the organisation itself is adequately protected from any forms of retaliation against damage (consider the case in which the investigations carried out by the SUPERVISORY BOARD reveal elements that can be traced back to the top management of the company the crime - or the attempt to commit it - or a violation of this Model).

Therefore, only the Board of Directors is aware of the evaluations on the professional *performance* and on any remuneration and/or organisational intervention relating to the Supervisory board: the same organisation shall verify their congruity with the internal company policy.

b) Professionalism

The Supervisory board must have technical and professional skills appropriate to the functions it is called upon to perform; in particular, it must have legal skills, with particular reference to the offences provided for in Legislative Decree 231/2001 and the general institutions of that decree. These characteristics, together with its independence, guarantee the objectivity of its judgment.

In addition to the technical skills described above, the Supervisory board must have further formal subjective requirements, such as honourableness, absence of conflicts of interest and family relations with the corporate bodies and top management, and never having been charged with criminal proceedings relating to the cases provided for in Legislative Decree 231/2001.

In addition, at the time of appointment, the member of the SUPERVISORY BOARD must sign a declaration stating the absence of incompatibility factors such as, for example:

- relations of kinship or marriage or affinity up to the fourth degree with members of the Board of Directors, senior management in general or auditors of GEAF;
- conflicts of interest, even potential ones, with GEAF such as to undermine the independence required by the role;
- ownership, direct or indirect, of shareholdings of such a size as to enable it to exercise a significant influence over GEAF;
- active participation as a member of the Board of Directors or Director in the three financial years preceding the appointment as member of the Supervisory board, of companies subject to bankruptcy, compulsory administrative liquidation or other insolvency procedures;
- a public employment relationship with a national or local public administration in the three years preceding the appointment as a member of the SUPERVISORY BOARD;
- Conviction which has become final, or application of the penalty on request (so-called plea bargaining), in Italy or abroad, for the offences referred to in Legislative Decree N. 231/2001 or other similar offences or in any case offences committed without negligence;
- conviction, with a judgment which has the force of res judicata, to a punishment entailing disqualification from holding public office, or temporary disqualification from holding management offices in legal persons and companies.

c) Continuity of action

The Supervisory board must:

- work on the supervision of the Model with the necessary powers of investigation;
- be an "internal" structure of the company, even if it is composed of a person who is independent (whether internal to the company or external) from the GEAF Board of Directors, so as to guarantee the continuity of the supervisory activity;
- ensure that the Model is implemented and constantly updated;
- not to carry out purely operational tasks that might affect the overall view of the company's activities that is required of it and undermine its objectivity of judgement.

In order to fully achieve the aims set out in this point, the Supervisory board must meet at least 4 (four) times a year, drawing up a programme of its activities at the beginning of the year and a final report at the end of its financial year.

d) Honour

From a subjective point of view, therefore, the Supervisory board must have the requisites of professionalism and honour. The Supervisory board, by virtue of the activity it is called upon to carry out, must have the necessary legal culture as well as corporate knowledge. The Supervisory board must, as mentioned above, guarantee honourableness, the utmost reliability and the absence of any position of conflict (by way of example, having family relationships with corporate bodies and top management or, in any case, conflicts of interest). In order to fulfil its multidisciplinary functions, the Supervisory board may also avail itself of the collaboration of particular professionals, to be found also outside the company, who may provide useful technical and specialist support.

4.1.1 Appointment and term of office of the Supervisory board

The Supervisory board must have the above characteristics and, therefore, have specific legal skills.

It must also ensure the monitoring capacity and independence required by law.

The Supervisory board holds office for 1 (one) year from the effective date of appointment.

The member of the Supervisory board may be reappointed on expiry.

On expiry of its term of office, the Supervisory board remains in office until a new organisation is appointed.

During this period, the remuneration of the Supervisory board, established by the Board of Directors at the time of its appointment, shall not be subject to any variation, except those determined by the advisability of adjusting to legal indices.

Any revocation of the member of the Supervisory board, to be decided exclusively for reasons connected with serious breaches of the mandate conferred, shall be decided by the Board of Directors and previously communicated to the Supervisory board.

The revocation of the Supervisory board's powers and the attribution of the same powers to other persons may only take place for just cause, including a significant organisational restructuring of GEAF, by means of a specific resolution of the Board of Directors with the approval of the Supervisory board.

The Supervisory board is appointed by GEAF's Board of Directors.

The occurrence of causes of incompatibility/ineligibility will lead to the immediate disqualification of the member of the SUPERVISORY BOARD.

If a member of the Supervisory board leaves office during the term of office, the Board of Directors shall promptly replace him/her.

The Supervisory board directly provides itself with an operating mode that regulates its operation, in accordance with the law and the provisions of the Code of Ethics and this Model.

4.1.2 Tasks assigned to Heads of Department

At the same time as appointing the Supervisory board, it was decided to entrust the Head of Department with the task of carrying out, on an ongoing basis, checks on compliance with the Model and its adequacy. These persons, adequately trained in this regard according to the training plan specifically relating to this Model validated by the Supervisory board itself and referred to in paragraph 3.2, have been identified in the persons who have operational responsibility for each area of activity of the company in which there is a risk of commission of the offences identified by law and who have contributed to the definition of protocols suitable to guard against such risks. Their activity, however, does not replace that of the Supervisory board, which remains responsible for supervising the Organisational Model.

In view of the particular type of activity carried out by GEAF, it is deemed appropriate to distinguish between the heads of functions covering the areas at greatest risk of offences and the others.

In GEAF, the following persons have been identified as Heads of functions, in charge of the most sensitive areas:

- *Chairman of the Board of Directors and Chief Executive Officer;*
- *General Manager;*
- *Human Resources Manager;*
- *Head of Administrative Sector;*
- *Sales Manager;*
- *Purchasing Manager;*
- *Production Manager*
- *Technical Sector Manager;*
- *Research and Development Manager;*
- *Warehouse Manager;*
- *Responsible for the Quality Management System;*
- *Responsible for the Environmental Management System;*
- *Responsible for the Occupational Health and Safety Management System;*
- *Head of the Prevention and Protection Service.*

In any case, all persons who hold powers of attorney or proxies and any other person who can externally influence the decisions of the Company, regardless of the legal title for which he/she performs such a task, shall be considered as function managers.

The involvement and empowerment of the above-mentioned Heads of Department, regardless of their contractual status, aims at providing a more concrete, and therefore more effective, guarantee of the actual implementation of the Model, since such persons structurally constitute a fundamental operational and informative link between the SUPERVISORY BOARD and the concrete operational units within which risk profiles have been identified.

The activity of the Heads of Department constitutes the best possibility of fulfilling the obligation to effectively implement the Model, since they are the persons who can best provide effective assistance for the purposes of fulfilling the supervisory obligation, given that they know, better than anyone else, the concrete operation and functioning of the risky activities in terms of health and safety in the workplace.

Each Head of Function is therefore obliged to report to the SUPERVISORY BOARD all useful information in order to better enable the organisation to comply with and fulfil its obligations to supervise the operation of and compliance with the Model and with regard to the need to adapt it.

4.2 Definition of the tasks and powers of the Supervisory board

The main tasks of the Supervisory board are set out in Article 6, paragraph 1, lett. b) of Legislative Decree 231/2001 as follows:

- supervise the operation of and compliance with the Model;
- ensure that they are kept up to date, submitting the need for them to the Management Organisation.

In fulfilling the first of these tasks, the Supervisory board must perform at least the following activities:

- prepare the annual plan of checks on the adequacy and functioning of the Model, grading the controls according to the seriousness of the risk revealed by the risk analysis;
- carry out checks on an ongoing basis, as part of the annual plan, on the activities or operations identified in the areas at risk in order to assess compliance with and the functioning of the Model;
- carry out targeted and random checks on operations or specific acts carried out within the areas of activity at risk;
- collect, process and store information relevant to compliance with the Model; in particular, regulate the flow of information from the Heads of Department;
- obtain the setting up of an e-mail box dedicated to receiving from the corporate structures any requests for clarification concerning doubtful cases or problematic hypotheses, as well as requests for actions aimed at implementing the Model;
- promote appropriate initiatives aimed at disseminating knowledge and understanding of the Model;
- verify the correct design and implementation of the training and dissemination plan for the Organisational Model, the Code of Ethics and their subsequent amendments and/or additions;

- assessing reports of possible violations and/or non-compliance with the Model;
- conduct investigations aimed at ascertaining possible violations of the provisions of the Model;
- report violations detected for the initiation of disciplinary proceedings;
- verify that violations of the Model are effectively and adequately sanctioned.

As regards the updating of the Model, it should be noted that its adoption and any amendments are the responsibility of the Board of Directors, which, pursuant to Article 6, paragraph 1, lett. a), is directly responsible for the adoption and effective implementation of the Model.

Individual changes or updates to protocols or operating procedures may be approved and disseminated by the Head of Department, subject to the approval of the Board of Directors. The Supervisory board must always be informed of such changes, if they are substantial, i.e. not linked to simple organisational changes.

As regards the task of the Supervisory board to ensure that the Model is updated, this function translates into the following activities:

- monitor the evolution of relevant legislation;
- take appropriate measures to keep the mapping of risk areas up to date, in accordance with the methods and principles followed in adopting this Model;
- supervise the adequacy and updating of the protocols with respect to the requirements of prevention of Offences, and verify that each part contributing to the implementation of the Model is and remains compliant and appropriate to the purposes of the Model as identified by the law, to this end making use of the information and cooperation of the Function Managers;
- indicate to the Board of Directors the need to adopt amendments to the Model;
- verify the effectiveness and functionality of the amendments to the Model adopted by the Board of Directors.
- supervise the adequacy of the system of powers of attorney and proxies in order to ensure the constant effectiveness of the Model.

It is important to point out that - in order to ensure the full effectiveness of its action - the Supervisory board has free access to all company documentation that may be relevant for the purposes of verifying the proper functioning of the Model.

In order to fully and independently perform its duties, the Supervisory board is assigned an adequate annual *budget*, established by resolution of the Board of Directors also in the act of appointment and renewed in the same amount, unless otherwise provided.

The *budget* must allow the Supervisory board to carry out its tasks in full autonomy, without limitations that may arise from insufficient financial resources.

As regards the scope of application of the Supervisory board's control powers, Legislative Decree 231/2001 does not amend the existing company and statutory regulations. The adoption of the Model with the appointment of the SUPERVISORY BOARD, therefore, must not entail a significant, and unjustifiable, restriction of the statutory and organisational autonomy of the entities, with the result that, as regards the persons holding the express operating powers, i.e. the persons in whom the Company has already decided to place its

utmost trust, the only forms of control already expressly provided for by the current legislation shall continue to apply, and with them the remedies for any breaches of the law for which they may be responsible.

In any case, the Supervisory board retains the power to interact with the persons entitled by law to carry out control activities and the power to request verification of the existence of the elements required by law for the purposes of bringing liability actions or revocation for just cause.

4.2.1 Prerogatives and resources of the Supervisory board

Taking into account the peculiarities of the Supervisory board's powers and the specific professional skills required by them, in the performance of its duties, the Company's Supervisory board shall be supported by an operational *staff* and shall have at its disposal adequate financial resources.

The Supervisory board may avail itself of the cooperation of other persons belonging to the corporate functions, when their specific knowledge and skills are needed for particular analyses and for the assessment of specific operational and decision-making steps of the Company's activity.

In any case, the Supervisory board shall have the right, where the need arises to make use of professionalism not present within its own staff, in the operational staff referred to above and in any case in the Company's organisation chart, to make use of the advice of external professionals.

The Supervisory board, at the beginning of its term of office, and on an annual basis, shall submit to the Administrative Organisation of the company a request for an annual expenditure *budget* to be made available by the company, and in particular

- the Supervisory board shall submit the request for the amount corresponding to the annual *budget* ("Amount"), with sufficient evidence of detail, and the Administrative Organisation may not reasonably refuse to make available this amount, which may be used autonomously and without prior authorisation from the Supervisory board for the purposes set out in this Model;

- the Amount shall cover:

- (i) the remuneration of the Supervisory board;

- (ii) a forecast of the expenses to be borne independently by the Supervisory board for the exercise of its functions (it being understood that any costs relating to human or material resources made available by the company are not to be considered part of the budget).

If, due to extraordinary events or circumstances (i.e. outside the ordinary course of the Supervisory board's activities) it becomes necessary for the Supervisory board to pay sums

in excess of the amount provided for, in this case the Supervisory board must formulate a reasoned request to the Administrative Organisation indicating in reasonable detail the request for the payment of sums in excess of the amount, the reasons and facts underlying this request and the indication of the insufficiency of the sum constituting the Amount to meet the extraordinary events or circumstances. Such a request for additional funds shall not be unreasonably withheld by the Administrative Organisation.

4.3 Reporting by the Supervisory board

As stated above, in order to guarantee its full autonomy and independence in carrying out its functions, the Supervisory board reports directly to the Company's Board of Directors.

On an annual basis, the Supervisory board, by means of a written report, reports to the Board of Directors, by means of the Managing Director, and holds at least one meeting with the Controlling Organisation on the implementation of the Model, with particular reference to the results of the supervisory activity carried out during the six-month period and the appropriate actions for the implementation of the Model.

It receives updates of the activity carried out by the Controlling Organisation, also in order to avoid redundancies.

Communication with the Controlling Organisation also makes it possible to monitor the actions of the directors.

The Supervisory board may, at any time, ask to be heard by the Board of Directors, whenever it deems it appropriate to examine or intervene in matters concerning the functioning and effective implementation of the Model.

In order to guarantee a correct and effective flow of information and for the purpose of a full and correct exercise of its powers, the Supervisory board has the possibility of asking for clarifications or information directly from a Director and from the persons with the main operational responsibilities. The Supervisory board may, in turn, be convened at any time by the Board of Directors and other corporate bodies to report on particular events or situations relating to Legislative Decree 231/2001, the Code of Ethics, the Model and relevant procedures.

4.4 Information flows to the Supervisory board

All the Recipients of the Model are required to cooperate for the full and effective implementation of the Model by immediately reporting any news of an offence and any violation of the Model or of the procedures established for its implementation.

These paper reports must be received in a sealed envelope and will be collected by the staff responsible for collecting the letters, who in turn must deliver them (again in a sealed envelope) to the Supervisory board, giving it advance notice by e-mail of the arrival of the communication.

The Supervisory board is the only organisation authorised to read the reports in question. This procedure guarantees the protection of the identity of the *Whistleblower* and the confidentiality of information.

The organisation also provides an alternative method to paper reporting. In particular, reports can be made via an IT platform, which the reporter can access 24 hours a day, at the following web address: <https://my.studioziveri.it/CheckPage.aspx?guid=d610a28b-c7ef-4222-9e6e-5b28a> (short version: <https://t.ly/77VWD>)

In compliance with the latest provisions of Law No. 179/2017 on Whistleblowing, the web address dedicated to the Organisation will be the recipient of all reports.

In particular, in compliance with the new law on *whistleblowing*, company employees are given a *password* to access a whistleblowing page via a link whose address is made known. Using the credentials provided, each employee can access a reporting *form*.

Once you are logged in, you can then submit your report by following the instructions on the *form*.

The report will automatically be forwarded to the Supervisory board's dedicated *e-mail* box. Each alert will be given a sequential number.

The attribution of an identification number to the report will subsequently make it possible to disclose the identity of the reporter on a voluntary basis.

Through the same platform, the Supervisory board will be able to communicate with the reporting person for a better management of the report.

The Supervisory board must be immediately informed, either by paper mail or by the e-mail box indicated above, by the Head of the department concerned in the case of the following occasions:

- violations found which result in the application of the sanctions set out in Section V;
- disciplinary proceedings initiated for violations of the Model;
- orders dismissing such proceedings with reasons;
- application of any sanctions for violations of the Model or of the procedures established for its implementation;
- any legal disputes concerning disciplinary sanctions for violations of the Model;
- measures and/or information from the judicial police, or from any other authority, including administrative authorities, involving the Company or senior management, which indicate that investigations are being carried out, even against unknown persons, for the offences referred to in Legislative Decree N. 231/2001, without prejudice to the obligations of confidentiality and secrecy legally imposed;
- any potential risk of commission of a relevant offence *under* Legislative Decree 231/2001.

All reports are kept by the Supervisory board in a special archive, in accordance with the procedures defined by the Supervisory board and such as to ensure the confidentiality of the identity of the person making the report.

In accordance with the provisions of the Decree (Article 6(2)(d)), all corporate bodies are required to communicate to the Supervisory Board any information useful for carrying out control activities and verifying compliance with the Model, its operation and its proper implementation. The same information obligations apply to the Heads of Department (see

paragraph 4.1.2 *above*).

Any communication is made by confidential paper mail or through the Supervisory board's dedicated e-mail box.

4.5 Protection of alerts

The pyramid management of information flows is itself a sensitive process, capable of frustrating the fulfilment of the supervisory obligations conferred on the Supervisory board. Therefore, the following procedure is provided for, by means of which each employee may transmit any useful report on alleged violations of the organisational Model, even if they do not constitute an offence, as well as provide suggestions for the implementation of the Model.

The system for protecting reports of violations of the law, the Code of Ethics and the Model is considered a fundamental tool for the effective application of the crime risk prevention system.

This Model establishes the obligation for both the members of the Board of Directors and any employee or collaborator of the company to submit, in order to protect the integrity of the entity, detailed reports of unlawful conduct which they believe, in good faith and on the basis of a reasonable belief based on facts, to have occurred.

Therefore, an employee who reports a violation of the Organisational Model, even if it does not constitute an offence, must not find himself in any way at a disadvantage as a result of this action, irrespective of whether or not his report turns out to be well-founded.

Not only that, following the recent Law N. 179 of 30 November 2017 on Whistleblowing, GEAF has adopted the provisions of the aforementioned novelty (see section 4.4).

The reform provides for the broadest protection for employees who report an offence committed within the organisation; more precisely, the company is prohibited from demoting, dismissing or otherwise treating the person who reports the offence in a detrimental manner with a persecutory intent.

The Organisational Model adopted by the company also contains the requirement for senior management and employees and collaborators under their direction to report any offences or violations of the Organisational Model; the law also requires that reports be detailed and based on solid factual elements.

The persons referred to in the Organisational Model must, therefore, be obliged to report any breach of it of which they become aware by reason of their duties.

The employee, however, is aware that reports or accusations, known to be false, will not be taken into account, let alone entitled to the protections offered. Disciplinary procedures will be initiated against anyone who intentionally makes false or irregular allegations.

GEAF encourages any person within the company who wishes to raise an issue concerning a violation of the Model to discuss it with his or her line manager before following these *Whistleblowing* procedures, unless there are concrete contraindications.

The hierarchical superior solves the problem promptly and communicates what has happened to the Supervisory board, on a confidential basis, if it is relevant to the Model.

If the report is unsuccessful, or if the whistleblower considers it counter-intuitive to

communicate the report to his or her superior, the whistleblower must contact the Supervisory board directly, which is required to handle all information confidentially.

The other Recipients, in relation to the activity carried out with the company, shall make any report directly to the SUPERVISORY BOARD.

In order to allow for a proper assessment and full investigation of a report of suspicious behaviour, whistleblowers should provide the following information when reporting the alleged breach:

- a description of the matter with all relevant details (e.g. date and place of the incident, type of behaviour, parties involved, *etc*);
- an indication of why the matter is considered to be of concern;
- the way in which he became aware of the fact which is the subject of the report;
- the existence of witnesses;
- previous communication of the fact to other persons;
- the specific function within which the suspicious conduct occurred;
- any other information deemed relevant.

Preferably, the reporter should also provide his/her name and contact information.

In any case, the reporting procedure is managed by the SUPERVISORY BOARD and is subject to the following rules:

a) Confidentiality

All staff involved in any capacity in the handling of a report are required to maintain the utmost confidentiality and respect for the applicable privacy legislation, considering all information as sensitive.

Any document created in connection with an alert must be kept strictly confidential.

In the course of any communication and/or meeting, care must be taken to avoid possible harmful statements in order to protect the identity of the persons involved and to ensure that the investigation does not harm them.

All investigations must be carried out in strict confidence.

Communications should be addressed only to those persons who necessarily need to be informed.

Any employee questioned in connection with an investigation must be aware that the matter will be treated confidentially and must avoid discussing it with third parties.

b) Procedural guarantees

Reports of alleged violations within the scope and applicability of this procedure will be investigated thoroughly and promptly.

Investigations should begin promptly and be conducted diligently. All persons involved in an investigation should exercise care and act impartially at all stages of the procedure. Objective facts about the event or situation should be gathered, not opinions or speculation.

From the start of an investigation, all documents existing at the time the breach was reported should be retained.

If the report is received in anonymous written form, the Supervisory board assesses whether it is appropriate to proceed with investigations, provided that the report contains sufficiently specific references to carry out the necessary checks.

In exercising its inspection power, the Supervisory board has free access, without the need for prior authorisation, to all the entity's sources of information, to view documents and consult data relating to the Company.

All information, documents and reports collected in the performance of institutional duties are archived and kept by the Supervisory board in a special *database* (computerised or on paper) for a period of at least 5 years.

The Supervisory board also takes care to keep the documents and information acquired confidential, also in compliance with *privacy* legislation.

c) Obligation to transmit reports to the Supervisory board

An obligation to inform the Supervisory board has been established for Department Managers who receive a report relevant to the Model.

The Heads of Department must report to the Supervisory board, by means of the periodic report, the reports received and the activities carried out (for example, on the outcome of the checks carried out, changes suggested following variations in the activity or operating procedures, reports of any new activities or methods suitable for carrying out the offences provided for in Legislative Decree 231/2001).

The Heads of Department must contact the Supervisory board promptly in the event of serious anomalies in the operation of the Model or violations of its provisions, whether they have become aware of them directly or through the reporting of others.

4.5.1 Anonymous alerts

Any question relating to alleged violations of the provisions of Legislative Decree 231/2001, other sources of law, the Code of Ethics and the Model may be communicated to the Supervisory board also in an anonymous manner.

GEAF suggests that non-anonymous reporting should always be preferred.

Whistleblowers must use e-mail.

Whistleblowers are, however, invited to provide sufficient information about what they have reported to enable a proper investigation.

In the absence of the minimum elements of the report required by the previous paragraph, the anonymous report shall be filed by the Supervisory board.

4.6 Regulation of the Supervisory board

The Supervisory board has its own regulations governing its operation.

In particular, the document governs the activity and functioning of the Supervisory board,

including all activities relating to the way in which its powers are exercised (e.g. planning, execution, reporting and unscheduled checks, scheduling and execution of meetings). The same regulation governs the validity of the deliberations, the way in which the available financial resources are managed and the procedures necessary for amendments to the regulation itself.

SECTION V. DISCIPLINARY SYSTEM

5.1 Function of the disciplinary system

In accordance with the provisions of Article 6(2)(e) and Article 7(4)(b) of the Decree, the definition of an adequate disciplinary system which contrasts and is suitable for sanctioning any violation of the Model and the company procedures that refer to it, by persons in senior positions and/or persons subject to the direction and supervision of others, is an indispensable element of the Model itself and an essential condition for ensuring its effectiveness.

In general terms, the provision of sanctions, duly commensurate with the violation committed and endowed with "deterrence mechanisms", applicable in the event of violation of the Model and company procedures, is intended to contribute, on the one hand, to the effectiveness and efficiency of the Model itself, and, on the other, to the effectiveness of the control activity carried out by the Supervisory board.

The Company has therefore defined that the violation of the rules of the Code of Ethics, the Model and the procedures referred to therein entails the application of sanctions against the Recipients.

Such violations, in fact, damage the relationship of trust - marked by transparency, fairness, integrity and loyalty - established with GEAF and may lead, as a consequence, to the initiation of disciplinary proceedings against the persons concerned with the possible consequent imposition of sanctions. This is irrespective of the initiation of any criminal or administrative proceedings - in cases where the behaviour is or is not an offence - and the outcome of the resulting judgement, since the Code of Ethics, the Model and the company procedures that refer to it constitute precise rules of conduct that are binding on the Recipients.

In any case, given the autonomy of the violation of the Code of Ethics, the Model and the internal procedures with respect to violations of the law that lead to the commission of a crime or an administrative offence relevant for the purposes of Legislative Decree 231/01, the assessment of the conduct carried out by the Recipients carried out by the company, may not coincide with the assessment of the judge in criminal proceedings.

5.2 Sanctioning system for employees

Conduct by employees (meaning all persons bound by a subordinate employment relationship with the Company) in breach of the individual rules of conduct laid down in the Model constitutes a breach of the primary obligations of the employment relationship

and, consequently, a disciplinary offence.

The sanctions that can be imposed fall within those provided for by current legislation, by the collective bargaining agreement applied and by the company disciplinary code in compliance with current legislation, the procedures provided for by Law N. 300 of 30 May 1970 (Workers' Statute) and the relevant provisions contained in the current CCNL Metalmeccanici.

Infringements shall be ascertained and the consequent disciplinary proceedings initiated by the employer, in accordance with the provisions of the aforementioned CCNL and company procedures and in compliance with current legislation. The disciplinary sanctions provided for by the applied CCNL, on an increasing scale according to the seriousness of the violation, pursuant to art. 8, Title VII, are:

- a) verbal warning;
- b) written warning;
- c) a fine not exceeding three hours' hourly pay calculated on the minimum wage scale;
- d) suspension from work and pay for up to three days;
- e) dismissal for misconduct under Article 10, i.e. dismissal with notice and dismissal without notice.

A reprimand, verbal or written, is imposed, depending on the seriousness of the offence, on a worker who violates the internal procedures laid down in the Model (e.g. fails to observe the prescribed procedures, fails to send the prescribed information to the Supervisory board, fails to carry out the prescribed checks, *etc.*) or adopts, in the performance of his activities, a conduct that does not comply with the requirements of the Model.

An employee who violates the internal procedures laid down in the Model or who, in performing activities in areas at risk, repeatedly adopts a conduct which does not comply with the provisions of the Model, shall be liable to a fine not exceeding three hours' pay.

The measure of suspension from work and pay shall apply to any worker who, in violating the internal procedures laid down in the Model or by adopting, in the performance of his activities, a conduct which does not comply with the provisions of the Model, as well as by performing acts contrary to the interests of the Company, exposes the latter to a situation of danger for the integrity of the Company's assets.

Any worker who, in the performance of activities in areas at risk, adopts behaviour in breach of the provisions of the Model and such as to lead to the application against the Company of the measures laid down in Legislative Decree 231/2001, and/or in any event behaviour likely to cause serious moral and/or material damage to the Company, shall be dismissed.

5.3 Sanction system for managers

The management relationship is characterised by its eminently fiduciary nature.

The behaviour of the manager is reflected not only within the company but also externally, e.g. in terms of the company's image in the market.

Having said that, compliance by managers with the provisions of this Model and their obligation to ensure compliance with the provisions of the Model is an essential element of the managerial working relationship, constituting an incentive and an example for all those who report to them hierarchically.

Any infringements will be ascertained and consequent disciplinary proceedings initiated by the Head of Staff in consultation with the Chairman of the Board of Directors and the Chairman of the Board of Auditors.

Compliance with the provisions of this Model constitutes a fundamental fulfilment of the managerial contract, therefore, any breach of the Model by a manager will be considered, for all purposes, as a serious breach.

In the event of the commission of an offence which may entail liability for the Company, the manager may be subject to dismissal.

In other cases of violation of the adopted company procedures or of conduct by the manager that is potentially suitable for the commission of offences under Legislative Decree 231/2001, the Company reserves the right to impose specific sanctions on the manager. These provisions of specific sanctions resulting from the violation of the Organisational Model will, if necessary, be regulated separately between GEAF and each manager.

5.4 Penalty system for Directors

In the event of violation of this Model by members of the Board of Directors, the Supervisory board shall inform the Board of Statutory Auditors and the entire Board of Directors, which shall take the appropriate measures, including any financial penalties.

5.5 System of sanctions for members of the Board of Auditors

In the event of conduct in breach of this Model on the part of members of the Board of Statutory Auditors, the Supervisory board shall inform the Board of Directors, which shall take the appropriate measures including, for example, calling a shareholders' meeting in order to adopt the most appropriate measures provided for by law, including possible financial penalties.

5.6 System of sanctions for consultants, collaborators and partners

The general terms and conditions for the supply of goods and services attached to Purchase Orders to third parties and/or the contracts and agreements entered into with companies, consultants, external collaborators, partners, *etc.* include specific clauses whereby any conduct of the same, or of persons acting on their behalf, in breach of the provisions of the Model and the Code of Ethics and entailing the risk of committing an offence sanctioned by Legislative Decree N. 231/2001 shall entitle the Company to terminate the contract or, alternatively, to request the fulfilment of the contract with compensation for damages.

5.7 System of sanctions for the Supervisory board in relation to *whistleblowing* legislation

The SUPERVISORY BOARD is required to comply with the provisions of the legislation and the Organisational Model concerning the *whistleblowing* system, as set out in the previous paragraphs (*see* paras. 4.4 and 4.5), and therefore the company provides for specific sanctions in the contract with the member of the SUPERVISORY BOARD in the event of

violation of the measures taken to protect the whistleblower.

5.8 Types of violations of the Model and related sanctions

The conduct that may be sanctioned as a result of the violation of this Model, by way of example but not limited to, is better specified as follows:

A. Violations of the Model in areas that are **not critical from the point of** view of the commission of Offences; for example: failure to comply with the system of delegated powers in non-critical areas.

B. Violations of the Model **in critical areas**: e.g. disregard of the procedures laid down in the Code of Ethics on the transparency of information, as well as violation of the measures and procedures laid down by the Company to protect the confidentiality of the identity of the whistleblower in the management of the report.

C. Violations of the Model **in critical areas by disregarding specific determinations** of procedures even if the violation in itself cannot be considered an offence: transgression of an ISO 9001, ISO 14001 or OHSAS 18001 procedure or of a formalised provision on accounting management.

D. **Obviously wilful** violations of the Model aimed at committing one of the Offences envisaged by the Model. For example, wilful violation of an accounting or administrative procedure.

The sanctions and any claim for damages shall be commensurate with the degree of responsibility and autonomy of the Addressee, the possible existence of previous convictions against him/her, the voluntariness of his/her conduct as well as its seriousness, i.e. the level of risk to which the company may reasonably be deemed to be exposed, pursuant to Legislative Decree 231/2001, as a result of the conduct complained of.

Lastly, the disciplinary system is in any case subject to constant verification and assessment by the employer, also in consultation with the other Heads of Department, as well as on the basis of any report by the Supervisory board.