

Governance Model

AS PER ARTICLE 6 LEGISLATIVE DECREE 231/01

for

GIORGETTI SPA

registered headquarters: Via Manzoni 20 – (20821) MEDA - MB

(hereinafter THE COMPANY)

(VERSION NO. 1)

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DEFINITIONS

GIORGETTI SPA - hereinafter **the COMPANY** in line with similar terminology in Decree 231)

with registered headquarters: in **Via Manzoni 20, (20821) MEDA, MB**

Areas and related activities at risk: the areas and related company activities deemed to be at risk of criminal behaviour as per legislative decree 231/01.

NCEA: National Collective Employment Agreement for non-managerial employees and managers (also in future) applied to both categories by the company.

Parent company: Progressio Sgr Spa Corso Venezia 27 – 20121 Milan

Decree 231: legislative decree no. 231 of 8 June 2001 and subsequent legislative amendments.

Non-managerial employees: people whose role does not include representation, control or management responsibilities for the company and who have a non-managerial employment contract with the company.

Model: the governance model as stipulated by article 6, clause 3 of legislative decree 231/01. The **Code of Ethics** is an integral part of the Model.

Supervisory Body: company body with autonomous powers of control and initiative entrusted with the task of supervising implementation and compliance with the Model.

Corporate governing bodies: The company Board of Directors and Board of Auditors and their members.

Management Body: the Board of Directors

GD: government departments (includes public officials, civil servants).

Offences: the criminal activities set out in legislative decree 231/01 and subsequent legislative amendments (referred to in Appendix A of this Governance Model).

Recipients: parties that must comply with the contents of the Model (e.g. members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, contractors, external consultants/collaborators and all third parties operating in various roles for the company, business partners, business agents, distributors, brokers etc.)

GENERAL SECTION

DECREE 231 (LEGISLATIVE DECREE NO. 231 of 8 JUNE 2001)

Regulatory framework

Legislative decree no. 231 of 8 June 2001 (and subsequent amendments, hereinafter **Decree 231**) introduced **the corporate liability of legal entities, companies and associations with no legal status** (hereinafter the **company**) into national legislation for the first time.

Corporate liability of legal entities, companies and associations (the company)

Decree 231 introduced **the corporate liability (essentially attributable to criminal liability) of companies** into national legislation for the first time for certain **corporate offences or breaches, committed in the interest/to the benefit of the company** by:

- **natural persons in roles involving powers of representation, financial and business reporting or management of the company, or one of their organisational units with financial and business autonomy, in addition to persons managing or controlling the company, even as a de facto manager (i.e. senior management figures).**
- **natural persons under the management or supervision of one of the parties outlined above;**
- **third parties operating in the name of or on behalf of the company.**

Company liability is in addition to and does not replace the liability of the natural person who is the actual perpetrator of the criminal activity, who will still be subject to common law.

The extension of liability aims to involve, in the suppression of various criminal activities, companies that have benefited from the offence being committed, or in whose interest the offence was committed.

Decree 231 therefore aims to create a model of corporate liability compliant with safeguarding principles but with a preventative function. In practice, apportioning liability to companies directly is designed to ensure they organise their businesses and organisations such as to establish suitable conditions that safeguard interests protected under criminal law.

Type of penalties that may be imposed on the company

The penalties that may be imposed on companies that have not complied with the requirements of Decree 231 are as follows:

- **specifically and individually those outlined in the list of criminal activities in appendix A (column 3: Description of offences)**
- **in general (for the purpose of simplification) those outlined below:**

- **Financial penalties**

Financial penalties are administrative in nature and are always applied, even in cases where the company rectifies the consequences of the offence.

The size of the fine depends on two criteria:

- element: which is calculated as a figure not lower than a certain number and not higher than another;
- attribution of a value between a minimum and maximum amount to each individual element (on the basis of the company's financial situation and assets).

Fines can range from a minimum and maximum amount depending on the case, as set out in Decree 231 (current and possibly future).

Judges determine the number of elements by considering the seriousness of the offence, the level of corporate liability, and the actions taken to eliminate or mitigate the consequences of the situation and prevent additional breaches from taking place.

- Restrictive injunctions

These restrictions are applied along with fines and are designed to prevent the offence being repeated.

Various restrictions are possible (depending on the case):

- injunction to prevent company business being carried out;
- the suspension or cancellation of authorisations, licenses or permits granted to the company and instrumental in committing the breach;
- company restriction on business dealings with government departments except to obtain a public service;
- company exclusion from incentive schemes, funding, contributions or grants and the potential removal of any already granted;
- company restriction on advertising goods or services.

In the case of multiple offences the restriction for the most serious is applied.

Injunctions are usually temporary (months or years), except in some special cases where a temporary injunction is replaced with a permanent injunction.

- Confiscation

Punishment applicable along with a conviction and involves the judicial authorities confiscating the gain or profit generated by the offence, excluding the portion of this which can be returned to the injured party. If it is not possible to confiscate the item or profit resulting from the offence, equivalent sums of money, assets or other items of value are confiscated.

- Reporting convictions

Convictions are published when the company is the subject of an injunction. Convictions are published in extract form or in full once only (costs borne by the convicted company), in one or more publications stipulated by the convicting judge and public notices displayed in the municipality where the company is based.

- Type of offences and administrative breaches

With regard to the type of offences leading to the aforementioned corporate liability, the original version of Decree 231 outlined a series of offences committed in relationships with government departments. The original version was amended by

successive legislative measures that extend the category of offences where the company would have corporate liability.

The current list of offences is indicated in the list of offences referred to in Appendix A.

The Governance Model (hereinafter the Model)

Article 6 of Decree 231 provides for a specific form of exemption from corporate liability if the company can demonstrate that:

- a) the company management body had effectively implemented *company management and control models* designed to prevent the type of criminal activity which transpired (which in practice is often called a *governance model* or more simply **Model, as used in this document**) before the offence was committed;
- b) the task of supervising implementation and compliance with the Model was entrusted to a *corporate body with autonomous powers of initiative and control (i.e. the Supervisory Body)*;
- c) the individuals who committed the offence acted by fraudulently circumventing the aforementioned Model;
- d) the Supervisory Body outlined in b) above is not guilty of a lack of supervision or insufficient supervision.

Decree 231 also stipulates that the Model must comply with the following requirements to:

- 1) identify activities where the possibility of breaches being committed exists;
- 2) provide protocols aimed at planning the formation and implementation of company decisions in relation to breaches to be prevented;
- 3) identify financial resource management methods designed to prevent these breaches;
- 4) establish an obligation of information for the Supervisory Body responsible for supervising implementation and compliance with the Model;
- 5) introduce internal disciplinary procedures designed to punish non-compliance with the principles of the Model.

Parties to which Decree 231 applies

In accordance with article 1, clause 2 of Decree 231, corporate liability legislation applies to:

- **legal entities**, including but not limited to, public limited companies, limited liability companies, limited partnerships, cooperatives, recognised associations, foundations, other profit-making public and private organisations;

- **companies and associations with no legal status**, including but not limited to non-registered and unofficial associations.

2. COMPANY DESCRIPTION

Company formation and ownership

GIORGETTI SPA was established on 11-06-1959. Shares are currently split as follows:

- Progressio Sgr Spa holds 99.15 % of company capital
- Giovanni Del Vecchio holds 0.56 % of company capital
- Federico Bianca holds 0.28 % of company capital

Company purpose, general meeting, management body, board of auditors

Appendix B (Company Statute) outlines the company purpose, general meeting (and everything related to it in statutory terms), the management body (and everything related to it in statutory terms) and the board of auditors (and everything related to it in statutory terms).

Appendix C (company's certificate of incorporation) indicates the members of the current management body and board of auditors.

3. THE ORGANISATION

The organisation chart

Appendix D (organisation chart) outlines and represents the company's organisational structure.

The organisation chart describes company structure, and aims to promote its development by adopting appropriate and consistent business, management and financial responsibilities.

4. GUIDING PRINCIPLES & ELEMENTS OF THE COMPANY MODEL

Why has the company adopted the Model?

With a commitment to ensuring professionalism and transparency when conducting its business, and protecting its managers (also in future) and non-managerial employees, the company deemed it appropriate to implement the Model, as it reflects company business policy.

The Model sets out principles, rules and protocols its Recipients must observe to ensure full compliance with legislation i.e. principles, rules and protocols designed to reduce the risk of the offences outlined in Decree 231 being committed.

The company decided to create and implement the Model in the knowledge that it not only enables the company to benefit from avoiding the situations set out in Decree 231, it also represents an opportunity for improving the efficiency of the entire company governance system.

Methods for identifying sensitive areas and related activities and creating the Model.

This Model was created following preparations in line with the specifications of Decree 231.

Identifying sensitive activities/areas at risk of the criminal activities outlined in Decree 231

This action was implemented by analysing company business and structure, and the existence/non-existence of the risk of each offence outlined in Decree 231 being committed.

Documentation was gathered and meetings arranged with managers in various company areas to identify sensitive activities and areas at risk of the criminal activities set out in decree 231.

On completing this phase the existence (or absence of some breaches as per legislative decree 231/01) of risk profiles (of varying degrees) emerged in relation to the offences outlined in Decree 231.

Mapping sensitive activities/areas at risk of the criminal activities outlined in Decree 231

Mapping was carried out after identifying the sensitive activities/areas at risk of the criminal activities as per Decree 231 and the existence/non-existence of risk measures - see Appendix titled Mapping.

Defining principles and rules/protocols

After identifying the sensitive activities/areas at risk of the criminal activities set out in decree 231, principles and rules/protocols were defined for each of these containing the methods deemed most suitable for controlling the risk profile identified. Basically a set of principles, rules/protocols transpired from an analysis of each individual area/activity at risk of the criminal activities set out in Decree 231.

Identifying the financial resource management methods designed to prevent criminal activities

This is based on spending regulations that ensure compliance with principles of transparency, verifiability and pertinence to company activities, and ensure authority and signing power are allocated in line with organisational and management responsibilities.

Creating and distributing the Model

In the final phase, company activity focused on creating the Model (the structure of which is outlined in the following section), and Model distribution methods (outlined in the Model albeit not comprehensively).

Structure of the Model

The Model adopted by the company has two parts - a **General Section** and a **Detailed Section**.

The **General Section** illustrates the aims and contents of Decree 231, company organisation, the characteristics and operation of the Supervisory Body, information flows, training/information activities and disciplinary procedures.

The Detailed Section is split into numerous sections as they are currently macro categories of breaches and offences considered in Decree 231 (**sections that can be linked directly to column 2: Description of administrative breaches and column 3 Description of Offences as per the list of offences referred to in Appendix A**).

The individual sections are therefore connected and relate directly to the **individual** macro categories of breaches and offences set out in Decree 231 - **see Appendix A**.

The following are identified for each section:

1) A possible description of the section and any definitions if appropriate in terms of a terminology framework;

2) The sensitive activities and areas deemed at risk of the offences set out in Decree 231 being committed i.e. those identified in the mapping and outlined in the specific Model Appendix;

3) The general principles, rules and protocols to be observed in relation to individual categories of breaches relating to individual sections, to prevent breaches occurring;

4) Specific management procedures, principles, rules and protocols to be observed to prevent breaches occurring. If the content (wording) of the aforementioned specific management procedures, principles, rules and protocols in individual sections refers to specific appendices, this content (wording) shall be considered as quoted in full and included in this Model, of which it forms an integral part.

In addition to existing company protocols and specific principles and rules of good conduct/protocols relating and/or connected to individual parts in the Detailed Section [these specific principles, rules/protocols are in addition to existing company protocols (the content of which must be considered as quoted in full and included in this Model, of which it forms an integral part - in the case of inconsistency between the aforementioned content and the specific principles, rules and protocols indicated in each part, the latter shall prevail)], Recipients of the Model must adapt their conduct to the principles, rules and protocols outlined below and indicated in the Model.

Purpose of the Model

The purpose of the Model is to set up a structured, organised system of principles, rules and protocols that aim to reduce the risk of offences being committed.

This Model must ensure that potential perpetrators of offences are fully aware of the principles, rules and protocols contained within, and also enables the company to react appropriately to prevent offences being committed, through the ongoing monitoring of activities.

One of the Model's aims is therefore to develop the awareness of its Recipients (corporate governing bodies, managers (even in future), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc.), on the possibility of engaging in behaviour that does not comply with the principles of the Model and constitutes an offence liable to criminal proceedings, not only for the individual concerned but also the company.

Essentially the aim is to proactively stop the various parties connected with the company participating in unacceptable behaviour, also through disciplinary procedures or contractual penalties.

Amendments

The Model can only be amended and updated by management body, especially in the case of legislative changes.

5. DISTRIBUTING & PUBLICISING THE MODEL

Distribution of the Model

The company shall distribute the Model using the methods deemed most appropriate and effective (e.g. posting a hard copy of the Model on company noticeboards, sending hard/soft copies of the Model to Recipients, especially senior employees, training for Recipients on the content of Decree 231, website publication using methods to be determined etc.).

Recipients must be aware of the content of the Model for it to be fully effective, and understand that from the moment it is adopted non-compliance with any of its rules will result in disciplinary procedures where applicable.

Third parties

The company shall also promote/distribute the Model among suppliers, external consultants/collaborators and any third parties operating for the company in various roles, business partners etc. to ensure they comply with the contents of the Model.

6. DISCIPLINARY/PENALTY PROCEDURES

The operation, autonomy and principles of the penalty system

The penalty system is designed to prevent and punish administrative breaches arising from the offences outlined in Decree 231.

The application of penalties is irrespective of the commencement and outcome of criminal proceedings initiated by judicial authorities if the non-compliant conduct involves a serious offence as per Decree 231.

Outlined below are the guiding principles adopted by the company in creating the disciplinary procedures and penalty system to comply with Decree 231.

Legality: article 6, clause 2, letter e) of Decree 231 stipulates that the Model must have suitable disciplinary procedures to punish non-compliance with the measures outlined in the Model. The company is therefore responsible for the prior setup of principles and rules of conduct in the Model.

Autonomy: employee disciplinary procedures shall not affect the stability of the working relationship (except in the case of dismissal).

Complementarity: the disciplinary procedures set out in the Model are complementary and alternative to the disciplinary procedures established in the National Collective Employment Agreement and applicable to different company employee categories.

Distribution: the company shall ensure full knowledge and awareness of the Model through its publication in areas accessible to all employees, and by providing all personnel with a hard or soft copy as appropriate.

Right to be heard: the right to be heard is guaranteed with the prior publication of the Model, and prior formal notification in specific, immediate and immutable written format.

Severity: disciplinary penalties are drawn up and applied according to the severity of the breach, and consider the objective and subjective circumstances characterising the non-compliant conduct and the severity of damage to the company asset.

Consistency: there must be consistency between the notified breach and the breach forming the basis for the disciplinary penalty.

Timeliness: the disciplinary procedure and any penalties must be applied within a specific reasonable timescale once the proceedings commence.

Presumption of liability: breaching a principle, rule/protocol set out in the Model establishes the principle of presumed liability (article 6, clause 2, letter e, Decree 231).

Effectiveness and enforcement of penalties for attempted breaches: to make the disciplinary system effective and appropriate, penalties shall also be applied for conduct that exposes the company to the risk of a penalty for one of the offences set out in Decree 231, in addition to behaviour that is a precursor to breaching the principles, rules/protocols contained in the Model.

Disciplinary procedures for non-managerial employees

Compliance with the principles, rules and protocols in the Model and the management system for health and safety in the workplace constitutes the compliance of non-managerial employees with the obligations set out in article 2104, clause II of the civil code, which form an integral and essential part of this Model.

The failure of non-managerial employees to comply with the principles, rules and protocols of the Model or principles for managing health and safety in the workplace constitutes a disciplinary offence.

The company shall deal with breaches efficiently and immediately through suitable, commensurate disciplinary procedures, irrespective of the potential criminal nature of such conduct and potential criminal proceedings in cases where the breach is a criminal offence.

The company penalty system is based on principles established by the Workers' Statute, and in accordance with and as a supplement to the National Collective Employment Agreement for non-managerial company employees i.e. for the timber and furniture industry/Federlegno organisation.

The applicable disciplinary procedures are as follows:

verbal warning: this applies to less serious breaches by non-managerial employees of principles and protocols, and any requirement set out in the Model and the system for managing health and safety in the workplace.

verbal or written warning: this applies to breaches by non-managerial employees of principles and protocols, and any requirement set out in the Model and the system for managing health and safety in the workplace.

fine amounting to a maximum of two (2) hours of basic salary: this penalty applies to non-managerial employees who, by not complying with the principles, rules and protocols or any requirements set out in the Model and the system for managing health and safety in the workplace, cause damage to the organisation/company or expose the company to an objective situation of risk for the integrity of assets and/or company business;

suspension from service for up to three days: this applies to non-managerial employees who, even by omission, do not comply with the principles, rules and protocols or any requirements set out in the Model and the system for managing health and safety in the workplace, and unequivocally contribute directly to a punishable breach in accordance with Decree 231;

dismissal: this applies to non-managerial employees who, even by omission, do not comply with the principles, rules and protocols or any requirements set out in the Model and the system for managing health and safety in the workplace, and this conduct may lead to penalties and/or injunctions being applied to the company.

The company shall apply the disciplinary procedures outlined above in accordance with due process set out in the Workers' Statute, after formal notification of the breach and hearing the employee's defence if requested, possibly with the assistance of union representation, five days after formal notification.

With regard to ascertaining breaches, the disciplinary procedures and application of penalties is the responsibility of the party at the company with the appropriate powers, bearing in mind the requirement to notify the Supervisory Board of the breach.

Determining penalties depends on the seriousness of the non-compliance with the Model and the system for managing health and safety in the workplace.

The type and extent of the disciplinary measure shall be commensurate with the following:

- the intention behind the conduct and/or level of negligence, incompetence or carelessness with regard to the possibility of preventing the detrimental situation;
- overall employee conduct and whether or not there are any previous instances (recurrences) within the limits of legislation;
- the employee's role;
- the role of the people involved in the non-compliant situation;
- other circumstances surrounding the breach.

Disciplinary procedures for managers

Compliance with the requirements, principles and rules on good conduct set out in the Model constitutes the compliance of managers with the obligations set out in article 2104, clause II of the civil code, which form an integral and essential part of this Model.

The failure of managers to comply with the principles, rules and protocols of the Model or principles for managing health and safety in the workplace constitutes a disciplinary offence.

The company shall deal with breaches efficiently and immediately through suitable, commensurate disciplinary procedures, irrespective of the potential criminal nature of such conduct and potential criminal proceedings in cases where the breach is a criminal offence.

The company penalty system is based on necessary criteria and principles obtained from the National Collective Employment Agreement applicable to company managers (and the Workers' Statute as appropriate).

It is understood that, in view of the nature of trust in the employment relationship itself, the quantitative limits for disciplinary penalties as per article 7 L 300/1970 do not apply to managers.

The applicable disciplinary procedures are as follows:

verbal warning: this applies to less serious breaches by managers of principles, rules and protocols, and any requirement set out in the Model;

suspension from service without pay for up to 10 days: this applies to managers who do not comply with the principles, rules and protocols or any requirements set out in the Model;

suspension from service without pay for up to 15 days: this applies to managers who, by not complying with the principles, rules and protocols or any requirements set out in the Model, cause damage to the organisation/company or expose the company to an objective situation of risk for the integrity of assets and/or company business;

suspension from service without pay for up to 20 days and transfer: this applies to managers who, even by omission, do not comply with the principles, rules and protocols or any requirements set out in the Model, and unequivocally contribute directly to a punishable breach in accordance with Decree 231.

dismissal for just cause: this applies to managers who, even by omission, do not comply with the principles, rules and protocols or any requirements set out in the Model, and this conduct may cause penalties and/or injunctions to be applied to the company.

The company shall adopt the disciplinary procedures outlined above in compliance with due process as per article 7, L. 300/1970, after formal notification of the breach and hearing the manager's defence if requested, five days after formal notification.

With regard to ascertaining breaches, the disciplinary procedures and application of penalties is the responsibility of the party at the company with the appropriate powers, bearing in mind the requirement to notify the Supervisory Board of the breach.

Ascertaining penalties depends on the seriousness of the non-compliance with the Model.

The type and extent of the disciplinary measure shall be commensurate with the following:

- the intention behind the conduct and/or level of negligence, incompetence or carelessness with regard to the possibility of preventing the detrimental situation;
- the manager's overall conduct and whether or not there are any previous instances (recurrences) within the limits of legislation;
 - the manager's role and responsibilities;
 - the role of the people involved in the non-compliant situation;
 - other circumstances surrounding the breach.

Penalties applicable to members of the Management Body and Board of Auditors

If any member of the Management Body or Board of Auditors breaches the principles, rules and protocols or any requirements set out in the Model, the Supervisory Board must promptly inform the Management Body and the entire Board of Auditors, who will take the most suitable action for applying the relevant legislative measures.

Penalties applicable to third parties

If the principles, rules and protocols or any requirements set out in the Model are breached by suppliers, external consultants/collaborators and third parties working for the company in various roles, business partners etc., the relevant contractual clauses shall apply.

The company shall be entitled to claim compensation for any damages suffered, such as the application of a penalty by judicial authorities following any breach.

7. THE SUPERVISORY BODY

Introduction

Article 6 of Decree 231 stipulates that if a breach listed is committed, the company may not be liable if the management body adopted and effectively implemented a Model, and entrusted the task of supervising implementation and compliance with the Model to an appropriate Supervisory Board with powers of initiative and control.

Note that:

- as stipulated in legislation, the Supervisory Body has autonomous powers of initiative and control to supervise implementation and compliance with the Model, but does not have enforcement powers to change company structure or apply penalties to managers, non-managerial employees, business partners, corporate governing bodies or third parties, as these powers are assigned to the relevant corporate governing bodies or company departments;

Formation and requirements of the Supervisory Board

The company has set up a collective body consisting of three members who individually have expertise in legal, business and tax matters (especially for balance sheets),

health and safety in the workplace, and the environment.

The company management body appoints the members of the Supervisory Body as required. The Management Body is also responsible for supervising the operations of the Supervisory Body. Members of the Supervisory Body remain in office for three years from the day they are appointed (and in the absence of written notice of termination six months before the end date the term will be renewed for another three years).

When selecting members of the Supervisory Body the company must always consider the following essential **personal requisites**:

Professionalism and integrity: individual members of the Supervisory Board must have the professional and technical wherewithal (in relation to legal, business and financial skills and technical skills in relation to health & safety and the environment etc.) to carry out the role to the best of their ability.

Autonomy and independence: once appointed the Supervisory Body must not be influenced when carrying out its responsibilities. Furthermore, the Supervisory Body is placed at the highest level of the hierarchy to prevent any type of control from the Management Body (which could undermine its autonomy and independence).

Continuous operation: the Supervisory Body must operate continuously to ensure Recipients observe the Model.

Causes of unsuitability

The following would constitute causes of unsuitability when appointing members of the Supervisory Board:

1) being:

- a member of the Management Body or the Board of Auditors;
- general manager of the company;
- a member of audit firms or an auditor in an appointed firm;

2) having personal relationships with, or kinship up to 4th degree included, with members of the company's Board of Directors or Board of Auditors, general company managers (*if appointed currently or appointed in future*), or members of audit firms or auditors in an appointed firm;

3) being convicted by final judgement with:

- a custodial sentence involving disqualification, even temporary, from holding public office or temporary disqualification from the management departments of legal entities;
- a custodial sentence for committing one of the offences outlined in Decree 231.

Role and powers of the Supervisory Board

Role of the Supervisory Board

The Supervisory Board is responsible for supervising:

- compliance with the Model by Recipients (managers and non-managerial employees, members of corporate governing bodies, suppliers, external consultants/collaborators and third parties working for the company in various roles, business partners etc.);
- the appropriateness of updating the Model in relation to changes, especially legislative amendments.

Powers of the Supervisory Board

To carry out its responsibilities the Supervisory Body has sufficient financial resources in the form of an annual budget approved by the Management Body, as proposed by the Supervisory Body.

The need for the timely prevention of breaches remains a priority however and, for this reason, in the presence of exceptional and urgent situations the Supervisory Body can commit resources that exceed its spending limit, with the obligation that the company Management Body is notified immediately.

The actions put in place by the Supervisory Body cannot be reviewed by any other company department or body.

Members of the Supervisory Body and parties they deal with must keep all information they acquire when carrying out their duties confidential.

The Supervisory Body carries out its duties by liaising with existing company management bodies and departments.

The Supervisory Body has full authority and powers of investigation required for direct ongoing relationships with all company departments, especially in locating documents and information in accordance with legislation (on privacy etc.).

When carrying out its activities the Supervisory Body can benefit from the cooperation and support of other internal departments as required, in addition to specific expertise from suppliers, external consultants/collaborators and third parties working for the company in various roles, business partners etc.

Reporting to company management

The Supervisory Body reports on the implementation of the Model and any critical issues that transpire.

To this effect, the Supervisory Body must adhere to the reporting requirements outlined below, having held the relevant meetings, and report:

- immediately (if necessary in specific cases): to the Chairperson of the Board of Directors (or Sole Director if appointed currently or appointed in future);
- quarterly: if necessary the Supervisory Body can carry out inspections during each quarter and inform the company via a report to the Management Body on the activities implemented.
- six-monthly: via a report to the Management Body and the Board of Auditors (if established currently or in future) on the activities implemented;
- annually: via a report to the Management Body and the Board of Auditors (if established currently or in future) on the activities implemented;

Information flows from the company to the Supervisory Body: compulsory general and specific information

The Supervisory Body receives all notifications and information deemed useful for supervising implementation and effectiveness of the Model.

The company and all Recipients of the Model must provide the Supervisory Body with prompt and detailed information on all breaches of the Model and suspected breaches.

In particular, Recipients must promptly send the Supervisory Board information concerning:

- _ all information and documents that may be significant in relation to the offences outlined in Decree 231;
- _ critical issues that transpire from inspections by relevant company departments;
- _ measures and/or information from any Authority indicating that investigations are underway, even on unknown persons, for the offences stipulated in Decree 231;
- _ internal and external communication on any circumstances that could relate to offences stipulated in Decree 231 (e.g. disciplinary measures initiated/implemented in relation to managers (also in future) and non-managerial employees);
- _ requests for legal assistance from managers (also in future) or non-managerial employees involved in proceedings by the authorities for any offences outlined in Decree 231;
- _ inquiry commissions or internal communications/reports highlighting liability for any of the offences outlined in Decree 231;
- _ information on the actual implementation of the Model at all levels of the company, with evidence, in relation to disciplinary measures implemented, of any penalties applied or cases dismissed with the corresponding reasons;

The Supervisory Body must also be informed of anything else managers (also in future), non-managerial employees and third parties become aware of regarding the offences outlined in Decree 231, or conduct not in line with the adopted Model.

Such notification must be sent in writing to the Supervisory Body at company headquarters (if established after the Model is approved) or sent to the Supervisory Body's e-mail address.

The Supervisory Body shall assess notification received responsibly and with discretion, and to this effect may discuss the issue with the party providing the information and/or the alleged perpetrator of the breach.

Sending information to the Supervisory Board on company organisational changes

The Supervisory Board must also be notified of the following promptly:

- _ information on organisational changes (e.g. significant changes to protocols, organisation charts, responsibility assignment matrices etc.);
- _ updates to the system of powers and authority;
- _ significant or unusual operations involved in the activities/areas of risks outlined in the Detailed Section;
- _ changes to situations of risk or potential risk;
- _ any audit firm communications on aspects that may indicate shortcomings in internal inspection systems;
- _ copies of minutes for all meetings with corporate governing bodies (e.g. Board of Directors, Board of Auditors, shareholders' assemblies etc.) on matters set out in legislative decree 231/01;
- _ copies of communications to any supervisory authorities (e.g. authority for protecting personal data etc.).

7.4.6. Training

The Supervisory Body recommends training plans for Recipients on the contents of the Model.

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8. GENERAL PRINCIPLES AND RULES OF GOOD CONDUCT

In addition to existing company protocols (the contents of which shall be considered as quoted and included in this Model in full, of which they form an integral part) and the specific principles, rules and protocols in individual parts of the Detailed Section, Recipients of the Model must act in accordance with the general principles and rules of good conduct outlined below in the course of their activities.

All Recipients of the Model must act with:

- _ integrity when managing operations, completeness and transparency with information, and substantive and formal legitimacy in each individual operation or transaction;
- _ impartiality i.e. prevent some groups of interest or individuals being favoured over others, and discrimination on grounds of age, health, gender, religion, race, cultural or political opinions;
- _ confidentiality i.e. keep all electronic data confidential in addition to all other information, including personal and company information acquired during the course of their duties, and ensure full compliance with safety and protection measures.

The members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc. shall undertake to:

- _ develop human resources, also through technical and professional skills development for employees;
- _ ensure the physical and moral wellbeing of employees through work conditions that respect personal dignity, and safe, secure work environments;
- _ prevent any type of physical, psychological or sexual harassment and/or violence, or any type of marginalisation and psychological damage;
- _ participate in cost-effective company management to provide solutions and services with a high price /performance ratio and achieve a high level of user satisfaction;
- _ ensure ongoing alignment with technological developments to achieve the highest standards of quality and products/services delivered;
- _ identify the best opportunities offered by the national and international market to create innovative solutions/services.

The action of members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc. must always comply with national legislation, industry standards, EU legislation, and the legislation in countries where individuals are working, this Model and company protocols. At no time shall pursuing the interests of

members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc. justify conduct to the contrary.

Members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc. shall view compliance with ethical principles and transparent business operations as a requirement, and a competitive advantage in the pursuit and achievement of objectives to create and maximise value for shareholders, members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc. and the wider community. Therefore members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, external consultants, collaborators and third parties operating for the company in various roles, business partners etc. shall work to create an environment characterised by a strong sense of ethical integrity, in the belief that this contributes decisively to the effectiveness of policies and control systems, by influencing behaviour that could circumvent supervisory procedures.

Compliance with legislation

Recipients of the Model must comply with Italian legislation and legislation in the countries where they work and may be present occasionally for business purposes.

Recipients of the Model must not force or request other Recipients to contravene Italian legislation or legislation in a country where the company operates or has direct/indirect interests.

Conflict of interests

Recipients of the Model must assess whether or not there may be a current and/or potential conflict of interests before each operation, and act so the conflict is prevented beforehand.

Conflicts of interest include the following but are not limited to:

- conducting operations in a senior position and having direct/indirect financial interests (via relatives) with suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc. who are involved in the operations;
- liaising with suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc. and engaging in personal activities with them or through their relatives;
- accepting favours from third parties to curry favour in relationships with members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc.

Anyone in a situation where there is a conflict of interests must notify their line manager who, in addition to informing the Supervisory Body, must assess and initiate measures so the operation can be implemented in accordance with standard market conditions despite the conflict of interests.

The operation must be suspended in the event of doubt or impossibility of resolving the conflict of interest.

External communication

External communication must take place in accordance with legislation and professional guidelines.

Recipients must not disclose or use confidential information on company business for personal or third party gain.

Protecting company assets

All members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc. using company assets must operate with diligence to safeguard the efficiency and duration of the company asset.

Improper use that could damage and/or affect the performance of company assets is prohibited.

Gifts or other benefits

Recipients of the Model must not offer, money, goods, services or benefits of any kind on their own behalf, or in the name of or on behalf of the company, to members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc. to foster and obtain favourable conditions when conducting operations.

When conducting company business, Recipients must not request or accept money, goods, services or benefits of any kind for the company or for members of corporate governing bodies, managers (even at a future date), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc.

The above also applies to relationships with individuals, private and public organisations and companies in Italy and abroad.

As an exception to the above restrictions, gifts of modest value are permitted provided they are used as normal signs of courtesy, or are connected with carrying out work-related and professional activities.

Activities under any guise e.g. sponsorship, contracts, consultations, advertising, or implemented indirectly e.g. via intermediaries, with the same aim of obtaining favours for members of corporate governing bodies, managers (also in future), non-managerial employees, suppliers, external consultants/collaborators and third parties operating for the company in various roles, business partners etc. are prohibited.

The version of the Governance Model adopted by Giorgetti Spa and made public contains the General Section only.

The full version of the Model is available at company headquarters and can be consulted by anyone if required following a request to Company Management.