MODEL OF ORGANISATION, MANAGEMENT AND CONTROL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

Approved by Board of Directors of Piovan S.p.A. dated August 2, 2018
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CONTENTS

DEFINITIONS

- ***Sensitive activities:*** activities of Piovan S.p.A. in which there is a risk, even a potential one, of committing one of the offences referred to in Legislative Decree no. 231/2001;
- ***National Collective Labour Agreement (CCNL)***: National Collective Labour Agreement (*Contratto Collettivo Nazionale di Lavoro*) currently in force and applied by Piovan S.p.A.;
- ***Code of Ethics***: code of conduct containing the fundamental principles that Piovan S.p.A. is inspired by and the conduct to which all Employees, at any level, and directors must adhere in the daily management of the various activities;
- ***Consultants:*** persons who, by reason of their professional skills, perform their intellectual work for or on behalf of the Company on the basis of a mandate or other professional collaboration relationship;
- ***Company controls:*** system of delegated powers, proxies, procedures and internal controls whose purpose is to ensure adequate transparency and knowledge of the decision-making processes, as well as the conduct that must be adopted by Senior Managers and Subordinates pursuant to art. 5 of Legislative Decree no. 231/2001, operating in the company areas;
- ***Recipients:*** all the persons listed under paragraph 8 of this General Part;
- ***Employees:*** persons who have a subordinate or para-subordinate employment contract with the Company, or who are provided by temporary employment agencies;
- ***Legislative Decree no. 231/2001 or Decree:*** Legislative Decree no. 231 of 8 June 2001 and subsequent amendments or additions;
- ***Public service officer:*** the person who *"in any capacity performs a public service"*, meaning an activity regulated in the same forms as the public function, but characterized by the lack of powers typical of the latter (Article 358, Italian Criminal Code);

- ***Confindustria Guidelines***: document of Confindustria (General Confederation of Italian Industry), approved on 7 March 2002 and updated to June 2021, for the construction of the organization, management and control models referred to in the Decree;
- ***Model***: Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 adopted by the Company;
- ***Corporate Bodies:*** Board of Directors, delegated bodies, the Board of Statutory Auditors, as well as any person who exercises, even de facto, representation, decision-making and/or control powers within the Company;
- ***Supervisory Body or SB:*** body appointed pursuant to Article 6 of Legislative Decree no. 231/2001 responsible for supervising the functioning and observance of the Model and its updating;
- ***Partners:*** the contractual counterparties of the Company in any partnership, whether natural or legal persons, with whom the Company enters into any form of contractually regulated collaboration;
- ***Public Administration or P.A.:*** Public Administration and, with reference to offences against the Public Administration, public officials and persons in charge of a public service;
- ***Public official***: the person who "exercises a public legislative, judicial or administrative function" (art. 357, Italian Criminal Code);
- ***Predicate offences***: the specific offences identified by the Decree from which the administrative liability of the entity may derive, as well as, as far as they are equivalent, the specific administrative offences in relation to which the application of the rules contained in the Decree itself is envisaged;
- ***Company or Piovan:*** Piovan S.p.A., a joint-stock company with registered office in via delle Industrie n. 16, CAP 30036 - Santa Maria di Sala (Venice, Italy);
- ***Senior Managers:*** persons who hold positions of representation, administration or management of the Company or one of its units with

financial and functional autonomy, as well as persons who exercise, even de facto, the management or control of the Company;

- ***Subordinates:*** persons subject to the management or supervision of the persons referred to in the previous point;
- ***Model implementation instruments:*** articles of association, organisational charts, powers conferred, *job descriptions*, *policies*, procedures, organisational provisions and all other provisions, measures and acts of the Company;
- ***Third parties***: all those, natural persons or legal persons who establish a collaboration/consultancy relationship with the Company (by way of example and not limited to: Consultants and suppliers of goods and services, including professional ones, and anyone who carries out activities in the name and on behalf of the Company or under its control);
- ***Whistleblowing***: means the reporting by the Employee or collaborator of conduct having criminal relevance or management irregularities in view of the functions performed**.** The recipients of the discipline on *whistleblowing* in the private sector *pursuant to* Law no. 179/2017 are the companies that have adopted an Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001.

STRUCTURE OF THE DOCUMENT

The Model of Piovan S.p.A. is composed of a General Part and a Special Part.

The General Section deals with the description of the regulations contained in Legislative Decree no. 231/2001, the indication - in the relevant parts for the purposes of the Decree - of the regulations specifically applicable to the Company, the description of the offences relevant to the Company, the indication of the recipients of the Model, the operating principles of the Supervisory Body, the definition of a system of sanctions dedicated to the monitoring of violations of the Model, the indication of the obligations to communicate the Model and to train personnel.

The Special Section describes what "sensitive" activities are - that is, activities that have been considered by the Company to be at risk of crime as a result of the risk analyses conducted, the general principles of conduct, the elements of prevention to monitor the aforementioned activities and the essential control measures for the prevention or mitigation of offences.

The following are also an integral part of the Model:

- the *risk self-assessment* aimed at identifying sensitive activities, fully referred to herein, and in the Company's records;
- the Code of Ethics, which defines the values, aspirations and mission of the Company;
- the instruments for Model implementation.

These acts and documents can be found, according to the methods provided for their dissemination, within the company and on the company intranet.

GENERAL PART

1. Legislative Decree no. 231 of 8 June 2001

1.1. Characteristics and nature of the liability of entities

Legislative Decree no. 231 of 8 June 2001, in transposing the international legislation on combating corruption, introduces and regulates the administrative liability arising from the crime of collective bodies, which until 2001 could only be called upon to pay, jointly and severally, fines, fines and administrative sanctions imposed on their legal representatives, directors or employees.

The nature of this form of liability of the bodies is of a "mixed" nature and its peculiarity lies in the fact that it combines aspects of the criminal and administrative sanctioning systems. According to the Decree, in fact, the entity is punished with a sanction of an administrative nature, as it is liable for an administrative offence, but the sanctioning system is based on the criminal trial: the competent Authority to challenge the offence is the Public Prosecutor, and it is the criminal judge who imposes the sanction.

The administrative liability of the entity is distinct and independent from that of the natural person who commits the offence and exists even when the perpetrator of the offence has not been identified, or when the offence has been extinguished for a reason other than amnesty. In any case, the liability of the entity is always to be added to (and never replaces) that of the natural person who committed the crime.

The scope of the Decree is very broad and covers all entities with legal personality, companies, associations even without legal personality, public economic entities, private entities licensed to provide a public service. However, the legislation is not applicable to the State, territorial public bodies, non-economic public bodies, and bodies that perform functions of constitutional importance (such as, for example, political parties and trade unions).

The law does not refer to entities not established in Italy. However, in this respect, the case-law[1] has established, by basing the decision on the principle of territoriality, the existence of the jurisdiction of the Italian court in relation to offences committed by foreign entities in Italy.

Pursuant to Article 6, paragraph 2 of the Italian Criminal Code, a crime is considered to have been committed in the territory of the State when the action or omission constituting it has taken place in Italy in whole or (even only) in part, or if the event that is the consequence of the action or omission has taken place in Italy.

1.2. Types of offences identified by the Decree and subsequent amendments

The Company may be held liable only for the offences – so-called predicate offences – indicated by the Decree or in any case by a law that came into force prior to the time when the offence was committed.

At the date of approval of this document, the predicate offences belong to the categories indicated below:

- offences committed in relations with the Public Administration (Articles 24 and 25);
- computer crimes and unlawful processing of data (Article 24-*bis*);
- organised crime offences (Article 24-*ter*);
- forgery of money, public credit cards, revenue stamps and instruments or signs of identification (Article 25-*bis*);
- crimes against industry and commerce (Article 25-*bis*.1);
- corporate offences (Article 25-*ter*);
- crimes for the purposes of terrorism or subversion of the democratic order (Article 25-*quater*);
- practices of female genital mutilation (Article 25-*quater*.1);

[1] See: Order of the GIP [Judge for Preliminary Investigation] - Court of Milan (13 June 2007); Order of the GIP - Court of Milan (27 April 2004); Order of the GIP - Court of Milan (28 October 2004).

- offences against the individual (Article 25-*quinquies*);
- market abuse (Article 25-*sexies*);
- manslaughter or serious or very serious injuries, committed in violation of the regulations on the protection of health and safety at work (Article 25-*septies*);
- receiving, laundering and using money, goods or benefits of illicit origin as well as self-money laundering (Article 25-*octies*);
- copyright infringement offences (Article 25-*novies*);
- incitement not to make statements or to make false statements to the judicial authority (Article 25-*decies*);
- environmental offences (Article 25-*undecies*);
- employment of illegally staying third-country nationals (Article 25-*duodecies*);
- offences of racism and xenophobia (Article 25-*terdecies*);
- offences of fraud in sports competition, abusive gambling or betting and gambling by means of prohibited devices (Article 25-*quaterdecies*);
- tax offences (Article 25-*quinquiesdecies*);
- contraband (Article 25-*sexiesdecies*);
- liability of entities for administrative offences arising from offences [they are a prerequisite for entities operating in the production chain of virgin olive oils] (art. 12, Law no. 9/2013);
- transnational crimes (art. 10, Law no. 146 of March 16, 2006).

The applicability and relevance of each offence to the Company are discussed in greater detail in paragraph 7 of this General Section.

1.3. Criteria for imputation of liability to the entity

In addition to the commission of one of the predicate offences, in order for the entity to be punishable pursuant to Legislative Decree no. 231/2001,

other regulatory requirements must be integrated. These additional criteria for the liability of entities can be divided into "**objective**" and "**subjective**".

The **first objective criterion** is supplemented by the fact that the offence was committed by a person linked to the entity by a qualified relationship. A distinction is made between:

- persons in a "top position", i.e. who hold positions of representation, administration or management of the Company, such as, for example, the legal representative, the director, the director of an autonomous organisational unit, as well as the persons who manage, even if only de facto, the Company itself. These are persons who actually have an autonomous power to make decisions in the name and on behalf of the Company. This category also includes all persons delegated by the directors to carry out management or direction activities of the entity or its branch offices;
- "subordinate" subjects, i.e. all those who are subject to the management and supervision of senior managers. This category includes Employees and collaborators and those persons who, although not part of the staff, have a task to be performed under the direction and control of Senior Managers. In addition to the collaborators, the external parties concerned also include the promoters and Consultants who, on behalf of the Company, carry out activities on its behalf. Finally, the mandates or contractual relationships with persons not belonging to the Company's personnel are also relevant, always in the event that these persons act in the name, on behalf or in the interest of the Company itself.

Another objective criterion is represented by the fact that the offence must be committed in the interest or to the advantage of the Company (article 5, paragraph 1 of the Decree); the existence of at least one of the two conditions, alternative to the other, is sufficient:

- the "**interest**" exists when the perpetrator of the crime has acted with the intention of favouring the Company, regardless of whether or not this objective has actually been achieved;

- the **"advantage"** exists when the Company has obtained - or could have obtained - from the crime a positive result, whether economic or of another nature.

  At the express wish of the Legislator, the Company is not liable in the event that the Senior Managers or Subordinates have acted "*in their own exclusive interest or that of third parties*" (Article 5, paragraph 2, of the Decree).

  According to jurisprudence, the concepts of interest and advantage for the Company are not to be understood as a unitary[2] concept, therefore, the liability of the entity exists not only when the entity has drawn an immediate financial advantage from the commission of the offence, but also in the event that, even in the absence of such a result, the offence was motivated by the entity's interest. For example, the improvement of one's market position or the concealment of a financial crisis are cases that involve the interests of the entity but do not give it an immediate economic advantage.

  The criterion of "interest" or "advantage", consistent with the direction of the will of intentional crimes, is in itself not compatible with the culpable structure of the predicate offences provided for in Article 25-*septies* (homicide and culpable injuries) and Article 25-*undecies* (certain environmental crimes) of the Decree.

  In the latter cases, the culpable component (which implies a lack of will) would lead to the exclusion that the predicate offence could be committed in the interest of the Entity. However, the most accredited interpretative thesis considers as a criterion for attributing culpable offences the circumstance that failure to comply with accident prevention regulations constitutes an objective advantage for the Entity (at least from the point of view of the lower costs deriving from the aforementioned failure to comply).

  In relation to culpable offences, an interest or an advantage of the entity may therefore be recognised when the violation of the rule of conduct that

[2] See: Order of the Court of Milan (20 December 2004).
See: Court of Cassation - Crime Section (Sez. pen.) no. 10265/2014.

produced the event was dictated by company needs, first and foremost the saving of expenses.

With regard to the **subjective criteria** for attributing the offence to the Company, these refer to the preventive instruments that the Company has adopted in order to prevent the commission of one of the offences, provided for by the Decree, in the course of business activities.

The Decree, in fact, **provides for the exclusion of liability for the Company** only if the same proves:

- that the management body has adopted and effectively implemented, before the offence was committed, models of organisation, management and control suitable for preventing offences of the type that have occurred;
- that the task of supervising the functioning of and compliance with the models and their updating has been entrusted to a body of the entity with autonomous powers of initiative and control;
- that there has been no omission or inadequacy of supervision by that body.

The conditions listed above must be combined so that the Company's liability can be excluded.

Although the model serves as a reason for non-liability to punishment, both in case the predicate offence was committed by a person in a senior position or by a person in a subordinate position, the mechanism envisaged by the Decree as regards the burden of proof is much more severe for the Company in the event that the offence was committed by a person in a senior position. In the latter case, in fact, the Company must prove that the persons committed the crime by fraudulently eluding the model; the Decree therefore requires a stronger proof of extraneousness, since the Company must also prove fraudulent conduct on the part of senior managers.

In the case of offences committed by persons in a subordinate position, the Company may instead be held liable only if it is ascertained that the commission of the offence was made possible by failure to comply with the obligations of management or supervision, which is in any case excluded if,

prior to the commission of the offence, the Company has adopted an Organisation, Management and Control Model suitable for preventing offences of the type committed. In this case, it is a real fault in the organization: the Company has indirectly agreed to the commission of the crime, not overseeing the activities or conduct of persons at risk of committing a predicate offence.

1.4. Indications of the Decree regarding the characteristics of the Organisation, Management and Control Model

The Decree confines itself to regulating some general principles regarding the Organisation, Management and Control Model, without however providing its specific characteristics. The model operates as a reason for non-punishability only if it is:

- effective, i.e. if it is reasonably capable of preventing the offence(s) committed;
- effectively implemented, or if its content is applied in the company's procedures and internal control system.

As for the effectiveness of the model, the Decree provides that it must have the following minimum content:

- the activities of the company within the scope of which crimes may be committed are identified;
- specific protocols are provided for aimed at planning the formation and implementation of the company's decisions, in relation to the crimes to be prevented;
- financial resource management methods suitable for preventing the commission of crimes are identified;
- a suitable disciplinary system is introduced to sanction failure to comply with the measures indicated in the model;
- there are obligations to inform the Supervisory Body;

- in relation to the nature and size of the organisation, as well as to the type of activity carried out, suitable measures are envisaged to ensure that the activity is carried out in compliance with the law and to promptly detect and eliminate risk situations.

  The Decree establishes that the model is subject to periodic verification and updating, both in the event of significant violations of the provisions, and when significant changes occur in the organisation or activity of the entity or when the reference regulations change, in particular when new predicate offences are introduced.

1.5. Company groups and Legislative Decree no. 231/2001

A few words should be said on the legislation on groups and, above all, on how the existence of a group of companies is relevant under the Decree. The legislator does not expressly identify the "group of companies" in the category of addressees of the criminal-administrative liability; despite the absence of clear legislative references, the case law on the subject, in order to extend the concept of liability to the companies belonging to a group, has evoked the concept of "group interest" for the purposes of the application of the Decree.

It should be noted, however, that a general reference to the group is not in itself sufficient to affirm the responsibility of the parent company or of a company belonging to the group. In fact, the interest of the parent company must be direct and immediate and the mere presence of an activity of management and coordination of one company over another is not in itself a sufficient condition for both companies to be held liable pursuant to the Decree. The parent company (or other company belonging to the group) may be held liable pursuant to the Decree for the offence committed by a subsidiary provided that, in committing the offence, a natural person (belonging to the top management, de facto and de jure) acting on behalf of the parent company in pursuit of the its interests "takes part" in the commission of the offence with the person acting on behalf of the subsidiary.

Group interest occurs when the parent company conditions the choices of the subsidiary with an active contribution of its representatives in the material commission of the offence attributable to the subsidiary and a senior or subordinate person of the subsidiary commits an offence within the parent company.

It should be noted that liability under the Decree may also arise in the case of companies belonging to the same group, if a company provides services to another company in the group, provided that the elements described above exist, with particular reference to the participation in the criminal case in question.

It is also important to point out that, if the offence is committed by qualified persons from a company belonging to a group, the concept of interest may be extended to the detriment of the parent company. The Court of Milan[3] has established that the element characterising the group's interest is the fact that it is common to all the group members, and not just belonging exclusively to one of them. For this reason, it is stated that the offence committed by the subsidiary can also be charged to the parent company, provided that the natural person who committed the offence - even by way of aiding and abetting the offence - also belongs functionally to the same.

[3] See: Order of the Court of Milan (20 December 2004).

1.6. Offences committed abroad

Under Article 4 of the Decree [4]and [5], a company may be held liable in Italy for predicate offences committed abroad, provided that, in addition to the provisions of paragraph 1.4 above:

[4] On this point, the United Sections of the Supreme Court of Cassation, in sentence no. 38343 of 24.4.2014 issued in the context of the so-called *"Thyssen"* trial, have clarified that *"in the case of culpable crimes of an event, the concepts of interest and advantage must necessarily refer to the conduct and not to the anti-juridical outcome"*. It is clarified that this solution *"does not give rise to any logical difficulties: it is quite possible that conduct characterised by the violation of the precautionary rules and therefore culpable is carried out in the interest of the entity or in any case leads to the attainment of an advantage. [...] This interpretative solution [...] limits itself to adapting the original imputation criterion to the changed reference framework, without the attribution criteria being altered. The adjustment concerns only the object of the evaluation, which no longer captures the event but only the conduct, in accordance with the different conformation of the offence. [...] it is well possible that the agent consciously violates the caution, or even anticipates the event that may result, even without wanting to, to correspond to instances which are functional to the strategies of the entity"*. Thus, in the case of Thyssen, it was found to be an interest of the entity to save money and therefore not to install an appropriate fire protection system.

[5] Art. 4, Legislative Decree no. 231/2001, *"Offences committed abroad"*, which states that *"In the cases and under the conditions set out in Articles 7, 8, 9 and 10 of the Penal Code, entities having their head office in the territory of the State are also liable in relation to crimes committed abroad, provided that they are not prosecuted by the State of the place where the act was committed. In cases where the law provides that the guilty party shall be punished at the request of the Minister of Justice, proceedings shall be brought against the entity only if the request is also made against the latter".*

- the general conditions of prosecutability provided for by Articles 7 [6], 8 [7], 9 [8] and 10 of [9] the Italian Criminal Code for prosecuting in Italy an offence committed abroad are met;
- the company has its head office in the territory of the Italian State;
- the offence is committed abroad by a person functionally linked to the company;
- the State of the place where the offence was committed does not take action against the company.

[6] Art. 7 of the Italian Criminal Code, *"Offences committed abroad"*, states: "Under *Italian law, a citizen [Criminal Code 4] or a foreigner who commits any of the following offences in a foreign country is punishable:* 1. *offences against the personality of the Italian State; 2. offences of counterfeiting the seal of the State and the use of such counterfeit seal; 3. offences of counterfeiting coins which are legal tender in the territory of the State, or in revenue stamps or in Italian public credit cards; 4. offences committed by public officials in the service of the State, abusing their powers or violating the duties inherent to their functions; 5. any other offence for which special provisions of law or international conventions establish the applicability of Italian criminal law"*.

[7] Art. 8 of the Criminal Code, "Political crime committed abroad", states: "A *citizen or a foreigner who commits a political crime in a foreign country that is not included in the list of crimes indicated in paragraph 1 of the preceding article shall be punished according to Italian law, at the request of the Minister of Justice. If the offence is punishable on the basis of a complaint by the injured party, the complaint must also be filed in addition to this request. Pursuant to Penal Law, any crime that offends the political interest of the State, or the citizen's political right, is considered a political crime. A common crime is also considered a political crime if caused, in whole or in part, by political motives"*.

[8] Art. 9 of the Criminal Code, "Common crime of the citizen abroad", establishes: "A *citizen who, outside the cases indicated in the two previous articles, commits a crime abroad for which the Italian law establishes the death penalty or life imprisonment, or imprisonment for a minimum of three years, is punishable under the same law, provided that he/she is in the territory of the State. In the case of a crime for which a shorter sentence restricting personal freedom has been imposed, the offender shall be punished at the request of the Minister of Justice or at the request or on the complaint of the injured party. In the cases provided for in the preceding provisions, if the offence is committed against the European Communities, a foreign State or a foreigner, the guilty party shall be punished at the request of the Minister of Justice, provided that the extradition of him/her has not been granted, or has not been accepted by the Government of the State in which he committed the offence"*.

[9] Art. 10 of the Criminal Code, "Common crime of a foreigner abroad", states: *"A foreigner who, with the exception of the cases indicated in Articles 7 and 8, commits on foreign territory, to the detriment of the State or of a citizen, a crime for which Italian law establishes the death penalty or life imprisonment, or imprisonment for a minimum period of at least one year, shall be punished according to the same law, provided that he is in the territory of the State, and there is a request from the Minister of Justice, or an application or a complaint from the injured party. If the crime is committed against the European Communities, a foreign State or a foreigner, the guilty party is punished under Italian law, at the request of the Minister of Justice, provided that:* 1. *he or she is in the territory of the State; 2. it is the crime for which the penalty is death or life imprisonment, or imprisonment of at least three years; 3. his or her extradition has not been granted, or has not been accepted by the Government of the State in which he or she committed the crime, or by that of the State to which he or she belongs*.

1.7. Sanctions

The system of sanctions envisaged by the Decree is divided into four types of sanctions to which the Company may be subject in the event of conviction pursuant to the Decree, as outlined below.

- **Monetary sanction**: it is always applied when the judge holds the company responsible. It is calculated using a system based on quotas, which are determined by the judge in number and amount: the number of quotas, to be applied between a minimum and a maximum that vary according to the case, depends on the seriousness of the crime, the degree of responsibility of the entity, the activity carried out to eliminate or mitigate the consequences of the crime or to prevent the commission of other offences; the amount of the single quota must be established instead, between a minimum of € 258.00 and a maximum of € 1,549.00, depending on the economic and financial conditions of the company.

  Article 12 of Legislative Decree no. 231/01[10] provides for a series of cases in which the fine is reduced.

  The fundamental principle is that it is only the company that is liable, with its assets or with its common fund, for the obligation to pay the pecuniary sanction. The rule therefore excludes, irrespective of the legal nature of the collective body, members or associates from being directly liable with their assets.

- **Disqualification sanctions**: in addition to the financial sanctions, they are applied only if expressly applicable for the crime for which the company is convicted and only if at least one of the following conditions is met:

[10] Art. 12, Legislative Decree no. 231/2001, "Cases of reduction of the pecuniary sanction", establishes: "*The pecuniary sanction is reduced by half and cannot, in any case, exceed € 103,291 if: a) the perpetrator of the crime has committed the act in his own interest or that of third parties and the entity has not gained an advantage or has gained a minimum advantage from it; b) the financial damage caused is of particular tenuousness. The sanction is reduced from one third to one half if, prior to the declaration of opening of the first instance hearing: a) the entity has fully compensated the damage and eliminated the harmful or dangerous consequences of the offence or has in any case effectively taken steps in this direction; b) an organisational model suitable for preventing offences of the type that have occurred has been adopted and made operational. Where both the conditions set out in the letters of the preceding paragraph are met, the penalty shall be reduced by half to two-thirds. 4. In any case, the fine may not be less than € 10,329*".

a) the company has made a significant profit from the crime and the crime has been committed by a senior person, or by a subordinate person if the commission of the crime has been made possible by serious organisational shortcomings;

b) in the event of repetition of the offences.

The disqualification sanctions provided for by the Decree are:

- ✓ prohibition of the exercise of the activity;
- ✓ the suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
- ✓ the prohibition to contract with the Public Administration, except to obtain the services of a public service;
- ✓ exclusion from subsidies, financing, contributions or subsidies and the possible revocation of those already granted;
- ✓ a ban on advertising goods or services.

Exceptionally applicable with definitive effects, the disqualification sanctions are temporary, with a duration that varies from three months to two years, and concern the specific activity of the company to which the offence refers. They may also be applied as a precautionary measure, before the sentence is passed, at the request of the Public Prosecutor, if there are serious indications of the company's liability and well-founded and specific elements that suggest that there is a real danger of further offences of the same nature as the one being prosecuted being committed.

The application of disqualification sanctions is excluded if the Company has put in place the restorative conduct provided for in Article 17 of Legislative Decree no. 231/01 before the declaration of opening of the first instance hearing and, more precisely, when the following conditions are met:

- ✓ *"the entity has fully compensated for the damage and has eliminated the harmful or dangerous consequences of the offence or has in any case effectively taken steps to this end";*

- ✓ *"the entity has eliminated the organisational deficiencies that led to the offence by adopting and implementing organisational models suitable for preventing offences of the type that have occurred";*
- ✓ *"the entity has made available the profit made for the purposes of confiscation"*.

- **Confiscation***:* if the organisation is convicted, the sentence will always include an order for confiscation of the price or profit of the crime or of goods or other utilities of equivalent value. The profit of the crime has been defined by jurisprudence [11] as the economic advantage of direct and immediate causal derivation from the crime, and concretely determined net of the actual benefit obtained by the injured party in the context of a possible contractual relationship with the entity.

- **Publication of the sentence***:* it may be ordered when the company is sentenced to a disqualification penalty; it consists in the publication of the sentence only once, in excerpt or in full, in one or more newspapers indicated by the judge in the sentence as well as by billposting in the municipality where the company has its main office, and is carried out at the expense of the company itself.

  Although applied by the criminal court, all sanctions are of an administrative nature. The framework of sanctions provided for by the Decree is very strict, both because of the high amount of financial penalties, and because disqualification sanctions can greatly limit the exercise of normal business activity, precluding a series of business activities.

  Pursuant to paragraph 2 of Article 26 of the Decree[12], the company is not liable when it voluntarily prevents the action from being carried out or the event from taking place.

[11] Please see United Chambers of the Criminal Supreme Court of Cassation 27th March 2008 no. 26654, conf. and last, Criminal Supreme Court of Cassation, 22 April 2016, no. 23013.

[12] *Art. 26 of Legislative Decree 231/2001, "Tempted offences",* states that *"Monetary sanctions and disqualifications are reduced by one third to one half in relation to the commission, in the form of attempts, of the offences indicated in this chapter of the decree. The entity shall not be liable when it voluntarily prevents the execution of the action or the realization of the event".*

The administrative sanctions against the company are time-barred from the fifth year from the date of commission of the offence, without prejudice to the hypotheses of interruption of the time-barring period. The time-barring period is interrupted in the event of a request for the application of precautionary disqualification measures and a challenge to the administrative offence; in the latter case, the time-barring period does not expire until the sentence defining the judgment has become final. A new time-barring period begins as a result of the interruption.

The final conviction of the company is entered in the national register of administrative sanctions for crimes.

1.8. The changing circumstances of the entity

The Decree regulates the regime of company liability in the event of transformation, merger, division or transfer of business.

In the event of a **transformation of** the entity, liability for offences committed before the date on which the transformation took effect remains unaffected. The new entity will then be the recipient of the sanctions applicable to the original entity for acts committed before the transformation.

In the event of a **merger**, the entity resulting from the merger itself, even by incorporation, is liable for offences for which the entities that took part in the merger were responsible. If the merger took place before the conclusion of the assessment of the entity's liability, the judge must take into account the economic conditions of the original entity and not those of the entity resulting from the merger.

In the case of a **demerger**, the liability of the demerged entity for offences committed before the date on which the demerger took effect remains unaffected and the entities benefiting from the demerger are jointly and severally liable to pay the financial penalties imposed on the demerged entity within the limits of the value of the net assets transferred to each individual entity, except in the case of entities to which the branch of business within which the offence was committed was transferred, however partially;

disqualification sanctions apply to the entity (or entities) in which the branch of business remained or merged into the entity (s) in which the offence was committed. If the demerger took place before the conclusion of the assessment of the entity's liability, the judge must take into account the economic conditions of the original entity and not those of the entity resulting from the merger.

In the event of **sale/transfer of the company** in which the offence was committed, except for the benefit of the preventive examination of the transferring entity, the transferee is jointly and severally obliged with the transferring entity to pay the pecuniary sanction, within the limits of the value of the transferred company and within the limits of the pecuniary sanctions resulting from the mandatory books of account or due for offences of which the transferee was aware.

2. The company Piovan S.p.A.

Piovan S.p.A. is a global leader in the development and manufacturing of automation systems for the storage, conveying and processing of polymers, bio-resins and recycled plastic. Pentafin S.p.A. is the majority shareholder of the Company; the remaining part of the Company's share capital is listed on the Euronext Milan organized and managed by Borsa Italiana S.p.A..

The Company's *corporate governance* system is structured as follows:

- *Shareholders' Meeting*: it is competent to resolve, in ordinary and extraordinary session, on matters reserved to it by law or by the Articles of Association; the resolutions of the Shareholders' Meeting are adopted by the majorities required by law.
- *Administrative Body*: the Company is managed by a Board of Directors composed of up to 7 members, meeting the legal requirements; the management of the Company shall be the exclusive responsibility of the Board of Directors; the Board of Directors elects a Chairperson and can delegate its powers to one or more managing directors and can establish one or more internal committees having proactive and advisory functions (such

as Nomination and Remuneration Committee; Control, Risk and Sustainability Committee and Related Parties Committee);

- *Control Body*: the management of the company is controlled by a board of statutory auditors;
- *Accounting control*: the Company is audited by an auditing firm listed in the Register held at the Ministry of Justice. The independent auditing company verifies that the financial statements have been drawn up clearly and give a true and fair view of the Company's financial position and results of operations. In addition, in accordance with the auditing standards, the auditing firm carries out random checks in order to reasonably ascertain that the data contained in the accounting records and other supporting documents are reliable and sufficient for the preparation of the annual financial statements and financial *reporting:*
- *Internal control system: The Company has adopted an internal control system, a set of rules, procedures and structures in order to guarantee:*
    - effectiveness and efficiency in the company processes and operations (administrative, commercial, etc.);
    - quality and reliability of economic and financial information;
    - compliance with laws and regulations, company rules and procedures;
    - preservation of the value of the company activities and corporate assets and protection against losses.

    Consistently with the adoption of its own administration and control system, the main subjects currently responsible for the control, monitoring and supervision processes in the Company are:

    - The Board of Directors;
    - The Board of Statutory Auditors;
    - The Control, Risk and Sustainability Committee;

- The Executive Officer for Financial Reporting (*Dirigente Preposto alla redazione dei documenti contabili societari*);
- The Head of Internal Audit Function;
- The Supervisory Body pursuant to Legislative Decree no. 231/2001.

3. Purpose of the Model

The Board of Directors of Piovan S.p.A. has deemed it compliant with its corporate policies and consistent with its commitment to the creation and maintenance of a governance system that adheres to high ethical standards, to proceed with the implementation of the Model.

The main objective of the Model is to create an organic and structured system of control principles and procedures, aimed at preventing, where possible and concretely feasible, the commission of the offences specified by the Decree. The Model will form the basis of the Company's governance system and will implement the process of spreading a business culture based on fairness, transparency and legality.

The Model has the following objectives, as well:

- provide adequate information to Recipients, with reference to activities that involve the risk of committing crimes;
- spreading a corporate culture based on legality, since the Company condemns any conduct that does not comply with the law or internal provisions, and in particular with the provisions contained in its Model;
- spreading a culture of control and *risk management;*
- implement an effective and efficient organisation of the company's activities, with particular emphasis on the formation of decisions and their transparency and traceability, the accountability of resources dedicated to the taking of such decisions and their implementation, the provision of preventive and subsequent controls, as well as the management of internal and external information;

- implement all the measures necessary to reduce as much as possible and in a short time the risk of committing crimes, making the most of the existing controls, aimed at avoiding significant illegal conduct pursuant to the Decree

4. Model and Code of Ethics

Piovan has adopted the Code of Ethics (the "Code"), the ultimate aim of which is to indicate the rules of conduct and the ethical-social values that must guide the conduct of the Company and of the addressees of the Code in general.

The Model and the Code of Ethics form an integrated *corpus of* internal rules aimed at spreading a culture based on ethics and corporate transparency.

The Code of Ethics is intended to be fully referred to herein and constitutes the essential basis of the Model, the provisions of which are integrated with what set forth in it.

5. Methodology of preparation of the Piovan S.p.A.'s Model

Piovan's Model has been drawn up taking into account the concrete activity carried out by the Company, its structure, as well as the nature and size of its organisation. The Model will be subject to the necessary updates, in the event of any changes in the company organisation and/or the context in which the Company operates and/or in the event of any regulatory changes with an impact on the Company.

The Company carried out a preliminary analysis of its business context and, subsequently, an analysis of the areas of activity with potential risk profiles, in relation to the commission of the offences indicated in the Decree. In particular, the analyses focused on the history of the Company, the corporate context, the sector to which it belongs, the corporate organisational structure, the existing system of *corporate governance*, the system of delegated powers and proxies, the existing legal relations with third parties,

the operational reality, and the practices and procedures formalised and disseminated within the Company to monitor sensitive activities.

For the purposes of preparing this document, in accordance with the provisions of the Decree, with the Guidelines of Confindustria (General Confederation of Italian Industry) and with the indications that can be inferred from jurisprudence to date, the Company has therefore carried out:

- the identification of processes, sub-processes or company activities in which it is possible that the predicate offences indicated in the Decree are committed, through interviews with the heads of company functions;
- the self-assessment of the risks (so-called *risk self-assessment*) of committing offences and of the internal control system suitable for preventing unlawful behaviour;
- the identification of adequate control measures, already in existence or to be implemented in the operating procedures and company practices, necessary for the prevention or mitigation of the risk of committing the offences referred to in the Decree;
- analysis of its system of delegations, of powers and of allocation of responsibilities.

In relation to the possible commission of crimes of manslaughter and serious or very serious injuries committed in violation of the accident prevention regulations (art. 25-*septies* of the Decree), the Company has proceeded to analyse its own company context and all the specific activities carried out, as well as to assess the risks connected to this on the basis of the results of the checks carried out in compliance with the provisions of Legislative Decree no. 81/2008 and the special regulations connected to it.

6. Amendments and updating of the Organisation, Management and Control Model

The Model must always be promptly modified or supplemented, by resolution of the Administrative Body, also upon proposal of the Supervisory Body, when:

- significant changes have occurred in the regulatory framework, organisation or activity of the Company;
- there have been violations or circumventions of the provisions contained therein, which have demonstrated that they are not effective in preventing crimes.

To this end, the Supervisory Body receives information and reports from the General Manager/Group HR function on changes in the Company's organisational framework, procedures and organisational and management procedures.

In the event that amendments, such as explanations or clarifications to the text, of an exclusively formal nature become necessary, the Chief Executive Officer of the Company may do so autonomously, after having heard the opinion of the Supervisory Body, reporting to the Board of Directors at the first useful meeting.

In any case, any events that make it necessary to amend or update the Model must be reported by the Supervisory Body in writing to the Administrative Body, so that it can carry out the resolutions for which it is responsible.

The changes to the company procedures necessary for the implementation of the Model are made by the functions concerned. The Chief Executive Officer updates the special part of the Model accordingly, if necessary; these changes will be subject to ratification by the first useful meeting of the Board of Directors. The Supervisory Body is constantly informed of the updating and implementation of the new operating procedures and has the right to express its opinion on the changes made.

7. Significant offences for Piovan S.p.A.

In consideration of the structure and activities carried out by the Company, the *management* involved in the analysis has identified the following predicate offences as significant:

- offences committed in relations with the Public Administration (Articles 24 and 25);
- computer crimes and unlawful processing of data (Article 24-*bis*);
- organised crime and transnational crimes (Article 24-*ter* and Article 10, Law no. 146/2006);
- crimes against industry and trade (Article 25-*bis.*1);
- corporate offences (Article 25-*ter*);
- crimes for the purposes of terrorism or subversion of the democratic order (Article 25-*quater*);
- crimes of manslaughter or serious or very serious culpable injuries committed in violation of the regulations on the protection of health and safety at work (Article 25-*septies*);
- receiving, laundering and use of money, goods or benefits of illicit origin, as well as self-money laundering (Article 25-*octies*);
- copyright infringement offences (Article 25-*novies*);
- induction not to make statements or to make false statements to judicial authorities (Article 25-*decies* of Legislative Decree no. 231/01);
- employment of illegally staying third-country nationals (Article 25-*duodecies*);
- environmental offences (Article 25-*undecies*);
- market abuse offences (Article 25-*sexies*);
- tax offences (Article 25-*quinquiesdecies*);
- contraband (Article 25-*sexiesdecies*).

All the other crimes currently indicated by the Decree and not expressly mentioned in the Special Parts of this Model were not considered relevant for the Company - as a result of the analysis referred to in paragraph 5 - in consideration of the type of activities actually carried out by the Company as well as of the existing corporate organisation.

In the subsequent Special Part this document identifies, for each category of crimes that are relevant to Piovan, the activities that are sensitive to the inherent risk of committing the crimes of the type listed herein and provides for prevention principles and control measures for each of the above activities.

In addition, for certain sensitive activities, a number of safeguards have been identified to protect the Company's compliance with regulations on *"black-listed countries"*, *"high-risk and other monitored jurisdictions"*, as well as on restrictive measures by the European Union and the United States of America.[13]

It should also be noted that the offence of inducing people not to make statements or to make false statements to the Judicial Authority (art. 25-*decies*) is not specifically attributable to one or more sensitive activities: the risk of commission of the same is in fact a cross-theme element for the activities carried out.

8. Recipients of the Model

The Model of Piovan S.p.A. applies:

- to Senior Managers or to those who perform, even de facto, management, administration, management or control functions in the Company or in one of its autonomous organisational units;
- Subordinates or Employees of the Company, even if abroad for the performance of activities;

[13] See Special Part H.3.

- to all those persons who collaborate with the Company on the basis of a semi-subordinate employment relationship, such as project workers, temporary workers, hired-out workers, etc.;
- to those who, even though they do not belong to the Company's personnel, work on behalf of the Company (e.g. consultants, lawyers, etc.);
- to those persons who act in the interest of the Company as they are bound to the same by contractual legal relationships or other agreements, such as, for example, partners in *joint ventures* or partners for the implementation or acquisition of a business project.

The Board of Directors coordinates with the Supervisory Body in order to establish any further categories of recipients of the Model, in relation to the legal relationships and activities carried out by them with the Company.

All Recipients of the Model are required to comply punctually with the provisions contained in the Model and in the Model implementation instruments.

This document constitutes the Company's internal regulation and is binding on the Company.

9. Supervisory Body

9.1. Function

In compliance with the Decree, the Company establishes a Supervisory Body, which is autonomous, independent and competent in terms of controlling the risks connected with the specific activity carried out by the Company itself and the relevant legal profiles.

The Supervisory Body has the task of constantly monitoring:

- compliance with the Model by the recipients, as identified in the previous paragraph;
- dissemination of the Model within the company context;
- effectiveness of the Model in preventing the commission of the offences referred to in the Decree;

- implementation of the provisions of the Model in the context of the performance of the Company's activities;
- updates of the Model, in the event that there is a need to adapt the Model due to changes to the structure and organisation of the company, to the activities carried out by the Company or to the regulatory framework of reference.

The Supervisory Body has its own Rules of Operation, approving their contents and submitting them to the Administrative Body.

9.2. Requirements and composition of the Supervisory Body

Each member of the Supervisory Body must be selected exclusively on the basis of the requirements of:

- **autonomy and independence**

The autonomy and independence of the Supervisory Body, as well as of its members, are key elements for the effectiveness of the control activity. This autonomy and independence must not be compromised even in the presence of members of the Supervisory Body within the Company.

The concepts of autonomy and independence do not have a valid definition in an absolute sense, but must be characterised and situated within the operational complex in which they are to be applied. Since the Supervisory Body has the task of verifying compliance, within the company's operations, with the control systems, its position within the organisation must be such that its independence is guaranteed from any form of interference and conditioning by any member of the Company and, in particular, by the operational top management, especially considering that the function exercised also supervises the activities of the top management bodies. Therefore, the Supervisory Body is placed in the organisational structure of the Company in the highest possible hierarchical position and, in performing its function, is only accountable to the Administrative Body.

In addition, in order to better guarantee the autonomy of the Supervisory Body, the Administrative Body makes available to the Supervisory Body

company resources, whose number and skills must be proportionate to the tasks assigned. The Administrative Body also approves, when setting the company budget, an adequate supply of financial resources, proposed by the Supervisory Body, which the latter may use for any need necessary for the proper performance of its tasks (e.g. specialist advice, travel, etc..).

The autonomy and independence of the individual member of the Supervisory Body must be determined on the basis of the function performed and the tasks attributed to him, identifying from whom and from what he must be autonomous and independent in order to perform his tasks.

The members of the Supervisory Body must not:

- ✓ be a spouse, relative or relative-in-law within the fourth degree of the Directors of Piovan or of any other company of the Piovan Group;
- ✓ find themselves in any other situation of conflict of interest.

- **professionality**

  The Supervisory Body must possess, within it, technical and professional skills appropriate to the functions it is called upon to perform. Therefore, it is necessary that within the SB there are persons with adequate professionalism in financial, legal and analytical matters, as well as in the matters relevant to the control and management of business risks. In particular, the Supervisory Body must possess the specialist technical skills necessary to carry out control and consultancy activities.

  In order to ensure the professional skills that are useful or necessary for the activity of the Supervisory Body, and to guarantee the professionalism of the Body (as well as, as already mentioned, its autonomy), the Supervisory Body is assigned a specific *budget* of expenditure, aimed at the possibility of acquiring outside the body, when necessary, additional skills. In this way, the Supervisory Body can, also by availing itself of external professionals, provide itself with competent resources, e.g. in legal matters, company organisation, accounting, internal controls, finance and safety in the workplace, etc.;

- **continuity of action**

The Supervisory Body carries out on an ongoing basis the activities necessary for the supervision of the Model with adequate commitment and with the necessary powers of investigation.

Continuity of action should not be understood as "incessant activity", since such an interpretation would necessarily require a Supervisory Body composed exclusively of members within the Company, when such a circumstance would instead result in a decrease in the indispensable autonomy that must characterise the SB itself. Continuity of action means that the activity of the Supervisory Body must not be limited to periodic meetings of its members, but must be organised on the basis of a plan of activities and the constant conduct of monitoring and analysis of the system of preventive controls of the Company.

9.3. Eligibility requirements

All members of the Supervisory Body are required not to be in any of the conditions of ineligibility and/or incompatibility listed below:

- have been subject to prevention measures pursuant to Legislative Decree no. 159 of 6 September 2011 ("Code of anti-mafia laws and prevention measures, as well as new provisions on anti-mafia documentation, pursuant to articles 1 and 2 of Law no. 136 of 13 August 2010");
- be investigated or have been convicted, even with a sentence that is not yet final or issued pursuant to Article 444 et seq. of the Criminal Code, even if with a suspended sentence, except for the effects of rehabilitation:

✓ for one or more offences among those strictly provided for by Legislative Decree no. 231/2001;

✓ for some kind of unintentional crime;

- be banned, incapacitated, bankrupt or have been sentenced, even with a non-definitive sentence, to a punishment involving disqualification, even temporary, from public office or the inability to exercise managerial positions;

- have been subject to the accessory administrative sanctions set forth in art. 187-quater of Legislative Decree no. 58 of 24 February 1998.

If even one of the above conditions is met, the office of member of the SB is ineligible and, in the event of election, the office is revoked by resolution of the Administrative Body. In the latter case, the Administrative Body will also provide for the replacement of the member of the SB that has been revoked.

9.4. Appointment, revocation, replacement, forfeiture and withdrawal

In compliance with the above criteria, the Supervisory Body of Piovan S.p.A. is composed of three members.

The Administrative Body appoints the Supervisory Body, justifying the measure concerning the choice of each member, after having verified the existence of the requirements set out in the preceding paragraphs, basing this decision not only on the *curricula* but also on the official and specific statements collected directly from the candidates.

After the formal acceptance of the persons appointed, the appointment is communicated to all levels of the company, through internal communication.

The SB remains in office for three years from the date of its appointment by the Administrative Body. The members of the SB can be re-elected.

At the end of the term of office, the Supervisory Body continues to perform its functions and exercise the powers for which it is responsible, as specified below, until the new Supervisory Body is appointed by the Board of Directors.

Withdrawal from the office of member of the Supervisory Body can only take place by resolution of the Administrative Body for one of the following reasons:

- loss of the requirements referred to in the previous paragraphs;
- failure to comply with the obligations inherent in the task entrusted;
- lack of good faith and diligence in the performance of duties;
- non-cooperation with other members of the Supervisory Body;
- unjustified absence at more than two Supervisory Body meetings.

Each member of the Supervisory Body is required to notify the Administrative Body, through the Chairperson of the Supervisory Body, of the loss of the requirements referred to in the previous paragraphs. The Administrative Body revokes the appointment of the member of the Supervisory Body who is no longer suitable and, after adequate reasons, immediately replaces him/her.

A cause of forfeiture of office, before the expiry of the term provided for, is the inability or impossibility to exercise the office for any reason, including the application of a personal precautionary measure or a custodial sentence.

Each member of the Supervisory Body may withdraw at any time from the office, in accordance with the procedures that will be established in the rules of the Supervisory Body itself.

In the event of forfeiture or withdrawal by one of the members of the Supervisory Body, the Administrative Body shall promptly replace the member who has become unsuitable.

9.5. Causes of temporary impediment

In the event that causes arise that temporarily prevent, for a maximum period of six months, a member of the Supervisory Body from carrying out his functions or carrying them out with the necessary autonomy and independence of judgement, he is required to declare the existence of a legitimate impediment and - if such an impediment is due to a potential conflict of interest - the member should declare the cause of such conflict, refraining from participating in the meetings of the Supervisory Body or in the specific resolution to which the conflict refers, until the aforementioned impediment persists or is removed.

In the event of temporary impediment or in any other case that determines the impossibility for one or more members to attend the meeting, the Supervisory Body will operate in its reduced composition.

9.6. Activities and powers

The Supervisory Body meets at least 4 times a year and whenever one of its members has asked the Chairperson to convene it, justifying the need to convene it. Moreover, it may also delegate specific functions to the Chairperson. Every meeting of the Supervisory Body is recorded in minutes.

In order to carry out the tasks assigned to it, the Supervisory Body is vested with all the powers of initiative and control over all company activities and personnel levels, and reports exclusively to the Administrative Body, to which it reports through its Chairperson.

The tasks and attributions of the Supervisory Body and its members cannot be syndicated by any other corporate body or structure, it being understood that the Administrative Body may verify the consistency between the actual activity carried out by the Supervisory Body and the mandate assigned to it. In addition, the SB, except for prevailing legal provisions, has free access - without the need for any prior consent - to all the Functions and Bodies of the Company, in order to obtain any information or data deemed necessary for the performance of its duties.

The Supervisory Body carries out its functions in coordination with the other Bodies or Control Functions existing in the Company. Furthermore, the Supervisory Body coordinates with the company functions responsible for sensitive activities for all aspects relating to the implementation of the operating procedures for the implementation of the Model and may avail itself, for the exercise of its activities, of the assistance and support of employees and external consultants, in particular for problems that require the help of specialist skills.

The Supervisory Body organises its activities on the basis of an annual action plan, through which the initiatives to be undertaken to assess the efficacy and effectiveness of the Model and its updating are planned. This plan is submitted to the Administrative Body.

The Supervisory Body determines its annual *budget* and submits it to the Administrative Body for approval.

The Supervisory Body, in monitoring the effective implementation of the Model, is endowed with powers and duties, which it exercises in compliance with the law and the individual rights of workers and stakeholders, as detailed below:

- carry out or arrange for periodic inspections to be carried out under its direct supervision and responsibility;
- access to all information concerning the Company's sensitive activities;
- request information or the production of documents regarding sensitive activities from all Company employees and, where necessary, from the Directors, the Board of Statutory Auditors and the persons in charge in compliance with the provisions of the legislation on accident prevention and on the protection of health and safety in the workplace;
- request information or the production of documents regarding sensitive activities from Consultants and Partners of the Company and in general from all the recipients of the Model, identified in accordance with the provisions of paragraph 8;
- verify the main corporate deeds and contracts concluded by the Company in relation to sensitive activities and their compliance with the provisions of the Model;
- propose to the body or function holding the disciplinary power the adoption of the necessary sanctions;
- periodically check the efficacy, effectiveness and updating of the Model and, where necessary, propose any changes and updates to the Administrative Body;
- define, in agreement with the Administrative Body, the personnel training programmes within the scope of the issues relevant to Legislative Decree no. 231/2001;
- draw up, every six months, a written report to the Administrative Body, with the minimum contents indicated in the following paragraphs;

- in the event of serious and urgent facts detected in the performance of one's own activities, immediately inform the Administrative Body;
- coordinate with the Department Managers who have relations with counterparties in order to identify the types of recipients of the Model in relation to the legal relationships and the activities carried out by them with the Company.

9.7 Information flows from and to the Supervisory Body

9.7.1 Information flows from the Supervisory Body

The Supervisory Body has the obligation to report to the Administrative Body, in two different ways:

- on an ongoing basis, for specific needs, including emergency needs;
- on a half-yearly basis, in the form of a written report containing the following specific information:

✓ summary of the activities, controls carried out by the Supervisory Body during the period and their results;

✓ any discrepancies between the ***Model implementation instruments*** and the Model itself;

✓ reporting of any new areas of commission of offences provided for by the Decree;

✓ reports received from external or internal parties concerning possible violations of the Model and the results of the verifications concerning the aforementioned reports;

✓ disciplinary procedures activated on the proposal of the Supervisory Body and any sanctions applied;

✓ general evaluation of the Model and its effective functioning, with any proposals for additions and improvements in form and content;

✓ any changes to the regulatory framework;

✓ statement of expenditure incurred.

The Administrative Body, the Chairperson and the Chief Executive Officer have the right to convene the Supervisory Body at any time. Likewise, the Supervisory Body has, in turn, the right to request, through the Functions or the competent persons, the meeting of the aforesaid corporate bodies for urgent reasons. Meetings with the Bodies to which the Supervisory Body refers must be recorded in minutes and a copy of the minutes must be kept by the Supervisory Body, where appropriate supported by other corporate Functions.

The Supervisory Body also reports to the Board of Statutory Auditors, at least annually, on the application of the Model, its functioning, its updating and any significant facts or events found. In particular, the Supervisory Body:

- notifies the Board of Statutory Auditors of any shortcomings found with regard to the organisational structure and the effectiveness and functioning of the procedures;
- reports on violations of the Model by Directors or other recipients of the Model.

9.7.2. Periodic information flows to the Supervisory Body

The Supervisory Body, also through a procedure, can establish the types of information that the Functions responsible for the management of sensitive activities must transmit, together with the periodicity and manner in which such communications are forwarded to the Supervisory Body itself.

In any case, in addition to the reports described above, the information expressly identified in the Special Part of this document must also be sent to the Supervisory Body.

Furthermore, if the Functions responsible for sensitive activities find areas for improvement in the definition and/or application of the specific prevention controls defined in this Model, they shall promptly send the Supervisory Body a description of the state of implementation of the specific prevention controls of sensitive activities under their responsibility, as well as a reasoned indication of any need for changes to the prevention controls and the related implementation procedures.

9.7.3. Ad hoc information flows to the Supervisory Body

The Supervisory Body must receive, at least, the following specific information flows:

- any non-compliance with applicable legislation found during an inspection carried out by an external Control Authority;
- initiation of any judicial, tax or administrative inspection activity. In this respect, it is mandatory to send the minutes of the inspection to the Supervisory Body:
- report on any violations of the Model or the Code of Ethics and/or on measures and/or information coming from the judicial police, or from any other authority and/or inspection and control bodies, from which it can be inferred that investigations are being carried out, even against unknown persons, for the offences referred to in the Decree, and which may involve the Company;
- any decisions relating to the application, disbursement and use of public funds;
- information on requests for legal assistance made by managers and/or Employees in the event of initiation of legal proceedings against them and in relation to the offences referred to in Legislative Decree no. 231/2001, unless expressly prohibited by the judicial authorities;
- prior information on any extraordinary corporate transactions (acquisition/sale of significant corporate assets - fixed assets/plants, equity investments).

9.7.4. Transmission of information flows and reports

In order to ensure that the provisions set out in the previous paragraphs are duly complied with, all recipients of the Model must send the Supervisory Body the information flows indicated and the reports of any violations or suspicions of violations of the Model or the Code of Ethics, through the following channels:

- sending an e-mail to the Supervisory Body's mailbox (odv@piovan.com), or

- postal dispatch of a paper communication in a sealed envelope to the Supervisory Body at the following address: **Via delle Industrie 16, Santa Maria di Sala (Venice, Italy)**, or
- submission of a report through the platform "**WhistleB**".

Reports of violations can also be anonymous but must in any case describe in detail the facts and persons that are the subject of the report.

In addition to the reports and information flows described above, the following must also be transmitted to the Supervisory Body via the aforementioned e-mail and surface post channels:

- information expressly identified in the Special Part of this document;
- information relating to disciplinary proceedings and the sanctions imposed or measures to close such proceedings with the relevant reasons.

The Supervisory Body adopts suitable measures to guarantee the confidentiality of the identity of those who transmit information to the Body itself. The Company guarantees the reporting persons in good faith against any form of retaliation, discrimination or penalisation and, in any case, the confidentiality of the identity of the reporting person is ensured, without prejudice to legal obligations and the protection of the rights of the Company or of persons accused erroneously or in bad faith.

The reports received and the documentation managed by the Supervisory Body are generally kept by the Supervisory Body itself in a special archive, in paper or electronic form. Access to this archive is allowed to persons authorised from time to time by the Supervisory Body.

9.7.5 Whistleblowing

Article 6 of Legislative Decree no. 231/2001 (paragraphs 2-*bis*, 2-*ter* and 2-*quater (introduced* by Law no. 179 of 30 November 2017) provides that the Organisation, Management and Control Models must provide for:

- one or more channels that allow employees (Senior Managers and Subordinates) to submit, in order to protect the integrity of the institution, detailed reports of (i) unlawful conduct that is relevant pursuant to the

Decree and based on precise and consistent factual elements, or (ii) violations of the institution's organisation and management model, of which they have become aware by reason of the functions performed; these channels guarantee the confidentiality of the identity of the reporting person in the report management activities;

- at least one alternative reporting channel capable of ensuring, by computerised means, the confidentiality of the identity of the reporting person;
- prohibition of retaliatory or discriminatory acts, direct or indirect, against the reporting person for reasons directly or indirectly related to the report;
- in the disciplinary system adopted pursuant to paragraph 2, letter e), sanctions against those who violate the measures to protect the whistleblower, as well as those who intentionally or grossly and negligently make reports that prove to be unfounded.

The adoption of discriminatory measures against persons who make reports referred to in this paragraph, which can be reported to the Labour Inspectorate, for measures within its competence, by the reporting person, or by the trade union organisation indicated by the latter. Furthermore, the retaliatory or discriminatory dismissal of the reporting person is expressly qualified as "null and void". Any change of duties pursuant to art. 2103 of the Italian Civil Code, as well as any other retaliatory or discriminatory measure adopted against the person making the report, are also indicated as null and void.

The aforementioned article also provides that in the event of disputes related to the provision of disciplinary sanctions, downgrading, dismissal, transfer or submission of the reporter to another organisational measure having negative effects on working conditions, it is up to the employer to prove that such measures were adopted on the basis of reasons unrelated to the report (so-called "reversal of the burden of proof in favour of the reporting person").

In order to guarantee the effectiveness of the *whistleblowing* system, the Company ensures the timely information of all employees and of the subjects who collaborate with it with reference to the knowledge, understanding and dissemination of the objectives and spirit with which the report must be made.

In particular, the subject of the reports should be:

- unlawful conduct that constitutes one or more types of offence from which the institution may derive liability pursuant to the Decree;
- conduct which, even though it does not constitute a crime, has been committed in contravention of the rules of conduct, procedures, protocols or provisions contained in the Model, the documents attached to it or the Code of Ethics.

However, personal issues of the reporting person, claims or petitions relating to the discipline of the employment relationship or relations with the hierarchical superior or with colleagues will not be worthy of reporting.

Reports must provide useful information to enable the persons in charge to carry out the necessary and appropriate checks and inspections (art. 6, paragraph 2-bis, Legislative Decree no. 231/2001).

Anonymous reports are also regulated, i.e. those reports without elements that allow the identification of their author. Anonymous reports will not be taken into consideration with regard to the protection granted by the law to the reporting party (art. 6, paragraphs 2-ter and 2-quater, Legislative Decree no. 231/2001). These reports will be subject to further verification only if they are characterised by a content that is adequately clear and detailed and having as their object particularly serious offences or irregularities.

The recipients of the reports, identified by the Company, are the members of the Supervisory Body.

Reports may be made via the channels indicated in paragraph 9.7.4 above.

In particular, in compliance with the provisions of the law, the Company has set up a specific information channel suitable for guaranteeing the

confidentiality of the identity of the reporting person who, therefore, may send his own report, also through a software application accessible through a specific link, that guarantees the confidentiality of the reporting person and of the report.

The Company and the recipients of the report shall act in such a way as to ensure that the reporting persons are protected against any form of retaliation or discriminatory conduct, direct or indirect, for reasons directly or indirectly related to the report.

In order to encourage the use of internal reporting systems and to promote the spread of a culture of legality, the Company illustrates the internal reporting procedure adopted to its employees in a clear, precise and complete manner.

10. Services from third parties

The provision of goods and the performance of works or services that may concern sensitive activities, by third parties (e.g. other companies, including those belonging to the Group, Consultants, Partners, etc.), must be regulated in the form of a written contract.

The contract must provide, for the contractual counterparty of the Company:

- the obligation to certify the truthfulness and completeness of the documentation produced and the information communicated to the Company itself by virtue of the existing legal obligations;
- the commitment to respect, during the term of the contract, the principles underlying the Model and the Code of Ethics, as well as the provisions of Legislative Decree no. 231/2001 and to operate in line with them;
- the obligation to comply with any requests for information, data or news from the Supervisory Body of the Company itself.

The contract must also provide for the right for Piovan to proceed to the application of forms of protection (e.g. termination of the contract, application of penalties, etc.), where there is a violation of the preceding points.

11. Disciplinary system

11.1. General principles

The Sanctions System of this Model is an autonomous system of sanctions aimed at strengthening compliance with and effective implementation of the Code of Ethics and the Model in line with the law on *whistleblowing*, and is an essential condition for ensuring the effectiveness of the Model itself.[14]

The Company condemns any conduct that does not comply with the law, with the Model, with the ***Model Implementation Instruments*** and with the Code of Ethics, even when the conduct is carried out in the interest of the Company itself or with the intention of giving it an advantage.

Any violation of the Model, of the Code of Ethics or of the ***Model implementation instruments*** itself, by whoever committed it, must be immediately communicated, in writing, to the Supervisory Body, without prejudice to the procedures and measures falling within the competence of the holder of the disciplinary power.

The duty to report is incumbent on all recipients of the Model.

After receiving the report, the Supervisory Body must immediately carry out the necessary checks, subject to maintaining the confidentiality of the person against whom proceedings are being taken. Once the appropriate analyses and assessments have been carried out, the Supervisory Body will communicate its findings to the holder of the disciplinary power, who will initiate the procedure in order to proceed with the disputes and the possible application of sanctions, it being understood that any disciplinary sanctions are adopted by the competent corporate bodies, by virtue of the powers

[14] In this regard, in fact, Articles 6, paragraph 2, letter e) and 7, paragraph 4, letter b) of the Decree provide that the Organisational and Management Models must "introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the model", respectively for the Senior Managers and for the Subordinates.

conferred on them by the Articles of Association or by internal regulations of the Company.

By way of example, the following conduct constitutes a disciplinary offence:

- the violation, even with omissive conduct and in possible collaboration with others, of the principles of the Code of Ethics, of the Model and of the ***Model implementation instruments;***
- omission of controls on sensitive activities provided for by the Model;
- the drafting, possibly in collaboration with others, of untruthful documentation;
- the facilitation, through omissive conduct, of the drafting by others, of untruthful documentation;
- the removal, destruction or alteration of documentation in order to evade the system of controls envisaged by the Model;
- the obstacle to the supervisory activity of the Supervisory Body;
- failure to report violations to the Supervisory Body;
- preventing access to the information and documentation required by persons responsible for monitoring procedures and decisions;
- the omission of the controls prescribed by the Model and the related procedures for the protection of the health and safety of workers;
- the omission of the controls prescribed by the Model and the related procedures on environmental protection;
- the execution of any other conduct suitable for circumventing the control system provided for by the Model;
- the implementation of actions or behaviours that do not comply with the provisions of Law no. 179/2017 on *whistleblowing* and any subsequent amendments and additions.

11.2. Disciplinary measures

The Model and the Code of Ethics constitute a set of rules to which the personnel must comply also in accordance with the provisions of the National Collective Labour Agreement of reference on the subject of conduct rules and disciplinary sanctions. Any violation therefore entails the application of the disciplinary procedure and the related sanctions. All employees of all levels (workers, employees, managers and executives) and linked to the Company by any employment contract *(full time* or *part time*), with or without subordination (even of a parasubordinate nature) are required to comply with the provisions contained in the Model.

11.2.1 Criteria for the application of sanctions

The type and extent of the specific sanctions will be applied in proportion to the seriousness of the breach and, in any case, on the basis of the following general criteria:

- a subjective element of the conduct (intent or gross negligence);
- relevance of the obligations breached;
- potentiality of the damage caused to the Company and of the possible application of the sanctions provided for by the Decree and any subsequent amendments or additions;
- presence of aggravating or mitigating circumstances, with particular regard to the previous work performed by the Recipient of the Model and to the previous disciplinary measures.

Where several offences have been committed in a single act and are punishable by different sanctions, only the most serious penalty shall apply.

The principles of timeliness and immediacy of the contestation require the imposition of the sanction regardless of the possible establishment and/or outcome of a criminal proceeding.

In any case, disciplinary sanctions against Employees must be imposed in compliance with art. 7 of Law no. 300/1970 (the so-called Workers' Statute) and all other existing legislative and contractual provisions on the subject.

11.2.2. Sanctions for Employees

According to the provisions of the disciplinary procedure of the Workers' Statute, the applicable National Collective Labour Agreement, as well as all the other relevant legislative and regulatory provisions, the worker responsible for actions or omissions that conflict with the provisions of the Model, as well as with the Law on *whistleblowing*, also taking into account the seriousness and/or repetition of the conduct, is subject to the following disciplinary sanctions:

- verbal warning (minor violations);
- written warning (minor violations);
- a fine not exceeding three hours' pay calculated on the basis of the minimum scale (repeated minor violations/serious violations);
- suspension of remuneration and service for a maximum of three (3) days (serious violations);
- dismissal with compensation in lieu of notice and severance pay (in the case of repeated serious violations);
- dismissal without compensation in lieu of notice and severance pay (conduct unambiguously aimed at the commission of an offence referred to in the Decree or in any case violations committed with intent or gross negligence so serious as not to allow the continuation - even temporary - of the employment relationship).

11.2.3. Sanctions for managers

Although the disciplinary procedure *pursuant to* art. 7 of Law no. 300 of 1970 is not applicable to managers, it is advisable to provide the procedural guarantee provided by the Workers' Statute also to the latter.

In the event of any infringement (to be understood not only as direct violations of the Model but also of the related laws, including the Law on *whistleblowing*, as well as the principles, rules and internal procedures provided for by this Model or relevant to its adoption) carried out by managers in the performance of activities in sensitive areas, the Company will apply to those responsible the measures indicated below, also taking into account the seriousness of the violation(s) and any repetition.

Also in consideration of the particular fiduciary bond, of the position of guarantee and supervision of the observance of the rules established in the Model that characterises the relationship between the Company and the manager, in compliance with the current provisions of the law and the National Collective Labour Agreement of the managers applicable to the Company, the dismissal with notice or dismissal for just cause will be proceeded, in the cases of maximum gravity.

Considering that these measures involve the termination of the employment relationship, the Company, in implementing a principle of proportionality of the sanction, reserves the right, for less serious violations, to apply the measure of written reprimand or suspension from service and pay up to a maximum of ten days.

The right to compensation for any damage caused to the Company by the manager remains unaffected.

11.2.4. Measures against Directors, Statutory Auditors and the Supervisory Body

- **Measures against directors**

If the Supervisory Body, the Board of Statutory Auditors or the Board of Directors, in the performance of its duties, should find any violation of the Model by one or more directors, the aforementioned bodies will immediately notify the entire Board of Directors so that it can take the appropriate measures, including, for example, calling a Shareholders'

Meeting in order to adopt the most appropriate measures provided for by law and/or revoking any powers granted to the director.

- **Measures against Statutory Auditors**

  If the Supervisory Body, the Board of Statutory Auditors or the Board of Directors, in the performance of their duties, find themselves detecting any violation of this Model by one or more Statutory Auditors, the aforementioned bodies will immediately notify the Board of Directors so that it can take the appropriate measures, including, for example, the calling of the Shareholders' Meeting in order to adopt the most appropriate measures provided for by law.

- **Measures against members of the Supervisory Body**

  If the Supervisory Body, the Board of Statutory Auditors or the Board of Directors, in the performance of their duties, find themselves detecting any violation of this Model by one or more members of the Supervisory Body, the aforementioned bodies will immediately notify the Board of Directors so that it can take the appropriate measures, including, for example, the revocation of the appointment of members of the Supervisory Body and the consequent appointment of new members.

11.2.5. Sanctions against third parties

The adoption - by commercial partners, suppliers, consultants and external collaborators or other subjects having contractual relations with the Company - of behaviours in contrast with the principles and protocols indicated in this Model will be sanctioned according to what is provided for in the specific contractual clauses that will be included in the relevant contracts.

The serious or repeated violation of the principles contained in the Model and in the Code of Ethics of the Company will be considered a breach of contractual obligations and may result in the termination of the contract by Piovan S.p.A.

11.2.6. Measures against the subjects of reports ("*whistleblowing*")

The Company, in the event of a violation of the legal provisions on *whistleblowing* in order to protect the identity of the reporting person and the same from any acts of retaliation or discrimination, may apply the following sanctions in relation to the subjects of the report:

1. **Supervisory Body**

In the event of a violation of this Model or a violation of the confidentiality of the identity of the whistleblower by one or more members of the Supervisory Body, the other members of the Supervisory Body will immediately inform the Administrative Body: this Body, after notifying the violation and granting the appropriate instruments of defence, will take the appropriate measures including, for example, the revocation of the appointment of the members of the Supervisory Body who have committed the violation and the consequent appointment of new members to replace them or the revocation of the appointment of the entire body and the consequent appointment of a new Supervisory Body.

12. Communication and training of company personnel

In order to guarantee a widespread diffusion and an effective knowledge of this Model and of the Code of Ethics, the Company has the burden of carrying out an accurate activity of communication and training towards all the recipients, in order to increase in them a greater awareness of the prescriptions with which they must necessarily comply and the possible consequences that may arise from the occurrence of unlawful conduct.

The training activity must already be implemented for newly hired employees who must be given an information set (e.g. Code of Ethics, National Collective Labour Agreements, Model, Legislative Decree no. 231/2001, etc..) in order to ensure them the primary knowledge considered essential to operate within the Company. The Code of Ethics and the Model are also available to all personnel on the company Intranet.

The contents and principles contained in the General Part of the Model and the Code of Ethics are also communicated to third parties, who find

themselves working - even occasionally - to achieve the Company's objectives by virtue of contractual relations.

The external communication of the Model and its inspiring principles is handled by the Administrative Body, which guarantees, through the means it deems most appropriate (e.g. company website, special *brochures*, etc.), their dissemination and knowledge to the recipients referred to in paragraph 8, persons external to the Company, as well as to the community in general.

The training of company personnel relating to the Model is entrusted operationally to the Administrative Body which, in coordination with the Supervisory Body of the Company, guarantees, through the means deemed most appropriate, its dissemination and effective knowledge to all recipients referred to in paragraph 8, within the Company.

The Company formalises and implements specific training plans, with the aim of ensuring the effective knowledge of the Decree, the Code of Ethics and the Model by all company Departments and Functions. The provision of training must be differentiated according to whether it is addressed to Employees in their entirety, Employees who operate in specific areas of risk, the Supervisory Body, directors, etc., based on the analysis of skills and training needs prepared by the SB.

The Company provides means and methods that always ensure the traceability of training initiatives and the formalisation of participants' attendance, the possibility of evaluating their learning level and the evaluation of their level of satisfaction with the course, in order to develop new training initiatives and improve those currently underway, including through comments and suggestions on content, materials, teachers, etc. Failure to participate unjustifiably in training programs will result in the imposition of a disciplinary sanction.

The training, which may also take place remotely or through the use of computer systems, and the contents of which are examined by the Supervisory Body, is carried out by experts in the disciplines envisaged by the Decree and the contents of the training material are updated in relation to

the evolution of the legislation (e.g. introduction of new types of predicate offence) and the content of the Model (e.g. adoption of a new special section).

13. Adoption of the Model

This Model is an "act of emanation of the executive body" (in compliance with the provisions of Article 6, paragraph 1, letter a) of the Decree), consequently its adoption and subsequent amendments and additions are the exclusive responsibility of the Board of Directors of Piovan S.p.A.

In support of the Board of Directors, the Supervisory Body proposes the adaptations and updates of the Model that it deems necessary as a result of significant changes in the organisation or activity of the Company, changes in the regulatory framework of reference, as well as to follow up on violations or ascertained violations of the provisions of the Model itself.

This version /03 of the General Part of the Model, including attachments, together with version /03 of the Special Part consisting of fifteen specific sections for categories of predicate offences, was approved and adopted by the Board of Directors of Piovan S.p.A. by resolution of November 11, 2021.

Version 3 – 11.11.2021

Model of Organisation, Management
and Control of Piovan S.p.A.

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