



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

General Part

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TABLE OF CONTENTS

DEFINITIONS.....	4
STRUCTURE OF THE DOCUMENT	7
GENERAL PART 8	
1. Italian Legislative Decree 231 of 8 June 2001.....	9
1.1. Characteristics and nature of the liability of entities.....	9
1.2. Types of offences identified by the Decree and subsequent amendments	10
1.3. Criteria for imputation of liability to the entity	12
1.4. Indications of the Decree regarding the characteristics of the Organisation, Management and Control Model	15
1.5. Company groups and Italian Legislative Decree 231/2001	16
1.6. Offences committed abroad	18
1.7. Penalties.....	20
1.8. The changing circumstances of the entity	23
2. The company Piovan S.p.A.	24
3. Purpose of the Model	26
4. Model and Code of Ethics	27
5. Method of preparation of the Model of Piovan S.p.A.	27
6. Amendments and updating of the Organisation, Management and Control Model	28
7. Significant offences for Piovan S.p.A.	29
8. Recipients of the Model.....	31
9. Supervisory Body	32
9.1. Function.....	32
9.2. Requirements and composition of the Supervisory Body	33
9.3. Eligibility requirements	35
9.4. Appointment, revocation, replacement, forfeiture and withdrawal.....	36
9.5. Causes of temporary impediment	37
9.6. Activities and powers.....	38
9.7. Information flows from and to the Supervisory Body	40
9.8. Reporting of Breaches, so-called <i>Whistleblowing</i>	44

10. Services from third parties.....	46
11. Disciplinary system	47
11.1. General principles	47
11.2. Disciplinary measures	49
12. Communication and training of company personnel	53
13. Adoption of the Model	55

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 Italian Legislative Decree 231/2001;
- **National Collective Bargaining Agreement:** National Collective Bargaining Agreement 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 guided and the conduct to which all Employees, at any level, and Directors must adhere in the daily management of the various activities;
- **Ethics Committee:** person in charge of receiving and managing Reports of Breaches that fall within the subjective and objective scope of Italian Legislative Decree 24 of 10 March 2023; for further details please refer to the WB Procedure (as defined *below*);
- **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 Italian Legislative Decree 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;
- **Italian Legislative Decree 231/2001 or Decree:** Italian Legislative Decree 231 of 8 June 2001 and subsequent amendments or additions;
- **Italian Legislative Decree 24/23 or Applicable Whistleblowing Regulations:** Italian Legislative Decree 24 of 10 March 2023 transposing Directive (EU)

2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law;

- **Confindustria Operating Guide:** document – operational guide for Confindustria's private entities, approved in October 2023, *New "Whistleblowing" protocol*;
- **Person in charge of a public service:** the one who "*for whatever reason performs a public service*", for which purpose it is understood as an activity governed in the same manner as a public function, but characterised by the absence of powers typical of the latter (art. 358 of the Italian Criminal Code);
- **Confindustria guidelines:** Confindustria guidelines (approved on 7 March 2002 and updated to June 2021) for the drawing up of the Organisation, Management and Control Models referred to in the Decree;
- **Model:** Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 adopted by the Company;
- **Corporate Bodies:** Board of Directors, delegated bodies, 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 Italian Legislative Decree 231/2001, responsible for supervising the operation of and compliance with the Model and its updating;
- **Partner:** the counterparts of contractual *partnerships* of the Company, natural or legal persons, with whom the same reaches any form of contractually regulated collaboration;
- **WB Platform:** platform for making Reports of Breaches pursuant to the Applicable Whistleblowing Regulations;
- **WB Procedure:** procedure that regulates the reporting of relevant breaches pursuant to the Applicable Whistleblowing Regulations, adopted by the Company and available on the company website.

- **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:** a 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;
- **Reporting of Breaches:** means the Reporting of Breaches made pursuant to the Applicable Whistleblowing Regulations, as governed by the WB Procedure;
- **Company or Piovan:** Piovan S.p.A., a joint-stock company with registered office in via delle Industrie 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 direction or supervision of the parties 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 documents 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);

STRUCTURE OF THE DOCUMENT

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

The General Part concerns the description of the regulations contained in Italian Legislative Decree 231/2001, the indication – in the parts relevant for the purposes of the Decree – of the legislation 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 penalty system dedicated to monitoring breaches of the Model, the methods for making Reports of Breaches pursuant to the Applicable Whistleblowing Regulations, the indication of the Model's communication obligations and staff training.

The Special Part describes what “sensitive” activities are - that is, activities that have been considered by the Company to be at risk of an offence 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 Company documents;
- the Code of Ethics, which defines the values, ambitions and mission of the Company.
- the instruments for the implementation of the Model.

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



GENERAL PART

1. Italian Legislative Decree 231 of 8 June 2001

1.1. Characteristics and nature of the liability of entities

Italian Legislative Decree 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 and administrative penalties 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 penalty systems. Pursuant to the Decree, in fact, the entity is punished with a penalty of an administrative nature, as it is liable for an administrative offence, but the penalty system is based on the criminal trial: the competent Authority to challenge the offence is the Public Prosecutor, and it is the criminal court that imposes the penalty.

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 offence.

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 rule does not refer to entities not headquartered in Italy. However, in this respect, the case-law¹ 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 art. 6, subsection 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 (arts. 24 and 25);
- computer crimes and unlawful processing of data (art. 24-*bis*);
- organised crime offences (art. 24-*ter*);
- forgery of money, public credit cards, revenue stamps and instruments or signs of identification (art. 25-*bis*);
- crimes against industry and commerce (art. 25-*bis*.1);
- corporate offences (art. 25-*ter*);
- crimes for the purposes of terrorism or subversion of the democratic order (art. 25-*quater*);
- practices of female genital mutilation (art. 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 (art. 25-*quinqüies*);
- market abuse (Article 25-*sexies*);
- manslaughter or serious or very serious injuries, committed in breach of the regulations on the protection of health and safety at work (art. 25-*septies*);
- receiving, laundering and using money, goods or benefits of illegal origin as well as self-money laundering (art. 25-*octies*);
- offences relating to payment instruments other than cash and fraudulent transfer of values (art. 25-*octies*.1);
- copyright infringement offences (art. 25-*novies*);
- incitement not to make statements or to make false statements to the judicial authority (art. 25-*decies*);
- environmental offences (art. 25-*undecies*);
- employment of illegal third-country nationals (art. 25-*duodecies*);
- offences of racism and xenophobia (art. 25-*terdecies*);
- offences of fraud in sports competition, abusive gambling or betting and gambling by means of prohibited devices (art. 25-*quaterdecies*);
- tax offences (art. 25-*quinqüiesdecies*);
- contraband (art. 25-*sexiesdecies*);
- offences against cultural heritage (art. 25-*septiesdecies*);
- laundering of cultural assets and devastation and looting of cultural and landscape assets (art. 25-*duodevicies*);
- 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, Italian Law 9/2013);
- transnational crimes (art. 10, Italian Law 146 of 16 March 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 Italian Legislative Decree 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 "senior 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 appointed 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.

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, subsection 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 - a positive result from the offence, 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, subsection 2, of the Decree).

According to case law, the concepts of interest and advantage for the Company are not to be understood as a unitary² 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 offences, is in itself not compatible with the culpable structure of the predicate offences envisaged by 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).

² See: Order of the Court of Milan (20 December 2004).
See: Supreme Court of Cassation – Sec. Pen. no. 10265/2014.

In relation to culpable offences, an interest or an advantage of the entity may, therefore, be recognised when the breach of the rule of conduct that 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, Organisation, Management and Control Models suitable for preventing offences such as those 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 coexist 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 such offences. This is, in this case, a genuine fault in organisation: the Company indirectly consented to the commission of the offence, by failing to supervise 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 ground for non-punishment only if it is:

- effective, i.e. if it is reasonably capable of preventing the offence/offences 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 offences 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 offences to be prevented;
- financial resource management methods suitable for preventing the commission of crimes are identified;
- a suitable disciplinary system is introduced to punish failure to comply with the measures indicated in the Model;
- there are obligations to inform the Supervisory Body;

- internal reporting channels are provided, pursuant to the Italian Legislative Decree implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019;
- 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 breaches 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 Italian Legislative Decree 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 recipients 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 liability of the Holding or of a company belonging to the group. In fact, the interest of the Holding 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 Holding (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 senior 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 Holding 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 Holding. The Court of Milan³ 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

Pursuant to art. 4 of the Decree ⁴and 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 Court of Cassation, in judgement no. 38343 of 24 April 2014, issued in the context of the so-called "Thyssen" trial, have clarified that "*in culpable crimes the concepts of interest and advantage must necessarily refer to the conduct and not to the unlawful outcome*". It is clarified that this solution "*does not give rise to any logical difficulties: it is quite possible that conduct characterised by the breach 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 compliance with the different conformation of the offence. [...] it is quite possible that the agent consciously breaches caution, or even foresees the event that may ensue, even without intending to do so, in order to comply with functional requirements of the entity's strategies*". Thus, in the Thyssen case, there was an interest of the institution in the savings connected to the failure to install an adequate fire-fighting system.

⁵ Art. 4, of Italian Legislative Decree 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 Italian 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 envisaged by arts. 7⁶, 8⁷, 9⁸ and 10 of⁹ the Italian Criminal Code exist in order to be able to prosecute in Italy an offence committed abroad;
- the company has its registered 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: "The citizen is punished pursuant to Italian law [Italian Criminal Code 4] or the foreigner who commits in foreign territory any of the following crimes: 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 Italian 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 pursuant 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 Italian 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 Italian 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 envisaged 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 extradition has not been granted, or has not been accepted by the Government of the State in which the offence was committed".

⁹ Art. 10 of the Italian 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. Penalties

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

- **Monetary penalty:** it is always applied when the judge holds the company liable. It is calculated using a system based on quotas, which are determined by the Court 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 liability 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 Italian Legislative Decree 231/01¹⁰ 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 penalty. The rule, therefore, excludes, irrespective of the legal nature of the collective body, members or associates from being directly liable with their assets.

- **Disqualification penalties:** in addition to the financial penalties, 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, Italian Legislative Decree 231/2001, "Cases of reduction of the pecuniary penalty", establishes: "The pecuniary penalty 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/her 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 penalty 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 offence and the offence 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 penalties envisaged 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 penalties 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 penalties is excluded if the Company has put in place the restorative conduct provided for in article 17 of Italian Legislative Decree 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 offence or of goods or other utilities of equivalent value. The profit of the crime has been defined by case law¹¹ 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 bill posting 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 penalties are of an administrative nature. The framework of penalties provided for by the Decree is very strict, both because of the high amount of financial penalties, and because disqualification penalties can greatly limit the exercise of normal business activity, precluding a series of business activities.

Pursuant to subsection 2 of art. 26 of the Decree¹², the company is not liable when it voluntarily prevents the action from being carried out or the event from taking place.

¹¹ See United Sections of the Court of Cassation Pen. 27 March 2008, no. 26654, conf., most recently, Cass. Collection Centre 23013 of 22 April 2016.

¹² Art. 26 of Italian Legislative Decree 231/2001, "Attempted offences", states that "*Monetary and disqualification penalties shall be reduced by between a third and a half in relation to the commission, in the form of an attempt, of the offences set out in this Chapter of the Decree. The entity shall not be liable when it voluntarily prevents the execution of the action or the realisation of the event*".

The administrative penalties 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 judgement 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 penalties for crimes.

1.8. The changing circumstances of the entity

The Decree regulates the regime of company liability in the event of transformation, merger, spin off 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 penalties 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 Court 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 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 penalties apply to the entity (or entities) in which the branch of business remained or merged into the entity/entities in which the offence was committed. If the demerger took place before the termination 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 penalty, within the limits of the value of the transferred company and within the limits of the pecuniary penalties 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 organised and managed by Borsa Italiana S.p.A.

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

- *Shareholders' Meeting*: is competent to resolve, in ordinary and extraordinary meetings, on matters reserved to it by law or by the Company By-laws; 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 compliance 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;
- The Head of Internal Audit Function;
- The Supervisory Body pursuant to Italian Legislative Decree 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 Recipients 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. Method of preparation of the Model of Piovan S.p.A.

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 appointed 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 compliance with the provisions of the Decree, with the Confindustria Guidelines and with the indications that can be inferred from case law 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 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 appointments, 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 breach 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 Italian Legislative Decree 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 breaches 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 (arts. 24 and 25);
- computer crimes and unlawful processing of data (art. 24-*bis*);
- organised crime and transnational crimes (art. 24-*ter* and art. 10, Italian Law 146/2006);
- crimes against industry and commerce (art. 25-*bis*.1);
- corporate offences (art. 25-*ter*);
- crimes for the purposes of terrorism or subversion of the democratic order (art. 25-*quater*);
- crimes of manslaughter or serious or very serious culpable injuries committed in breach of the regulations on the protection of health and safety at work (art. 25-*septies*);
- receiving, laundering and use of money, goods or benefits of illicit origin, as well as self-money laundering (art. 25-*octies*);
- offences relating to payment instruments other than cash and fraudulent transfer of values (art. 25-*octies*.1);
- copyright infringement offences (art. 25-*novies*);
- induction not to make statements or to make false statements to judicial authorities (art. 25-*decies* of Italian Legislative Decree 231/01);
- environmental crimes (art. 25-*undecies*);
- employment of illegal third-country nationals (art. 25-*duodecies*);
- market abuse offences (art. 25-*sexies*);
- tax offences (art. 25-*quinquiesdecies*);
- contraband (art. 25-*sexiesdecies*).

All other offences 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 effectively 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 offences 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;
- 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.;

¹³ See Special Part H.3.

- 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 senior management, especially considering that the function exercised also supervises the activities of the senior 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.

Furthermore, 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:

- ✓ being the spouse, relative or kin within the fourth degree of kinship of the Directors of Piovani or of another company of the Piovani Group;
- ✓ find themselves in any other situation of conflict of interest.
- **professionalism**

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. 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 Italian Legislative Decree 159 of 6 September 2011 ("Code of anti-mafia laws and prevention measures, as well as new provisions on anti-mafia documentation, pursuant to arts. 1 and 2 of Italian Law 136 of 13 August 2010");
- be investigated or have been convicted, even with a sentence that is not yet final or issued pursuant to art. 444 et seq. of the Italian 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 Italian Legislative Decree 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 penalties set forth in art. 187-quater of Italian Legislative Decree 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 compliance with the procedures that will be established in the rules of the Supervisory Body.

The members of the Supervisory Body who have a subordinate employment relationship with the Company or with other companies of Piovan Group automatically forfeit their office, in the event of termination of said employment relationship and regardless of the cause of termination of the same.

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 their functions or carrying them out with the necessary autonomy and independence of judgement, they are 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 call the same, justifying the need for the call. Moreover, it may also appoint 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, through its Chairperson.

The duties and powers of the SB and its members cannot be undermined by any other corporate body or structure, it being understood that the Administrative Body may verify the consistency between the activities actually performed by the SB and the mandate assigned to it. Furthermore, 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 the same to the Administrative Body for approval.

The Supervisory Body, in monitoring the effective implementation of the Model, is vested 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 compliance with the provisions of paragraph 8;
- verify the main corporate documents and contracts executed 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 penalties;
- periodically check the efficacy, effectiveness and updating of the Model and, where necessary, propose any changes and updates to the Administrative Body;
- verify the establishment and operation of the channels to report breaches, also in compliance with the Applicable Whistleblowing Regulations, with a view to constant improvement of the Organisation Model;
- define, in agreement with the Administrative Body, the personnel training programmes within the scope of the issues relevant to Italian Legislative Decree 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 events identified in the performance of one's own activities, immediately inform the Administrative Body;
- coordinate with the Department Managers who have relations with counterparts 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 envisaged by the Decree;
 - ✓ reports received from external or internal parties concerning possible breaches 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 penalties 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 call 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 identified. 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 breaches 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.

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 justified 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 Audit 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 breaches 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 Italian Legislative Decree 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

Without prejudice to the provisions on so-called *whistleblowing* referred to in the following paragraph, in order to allow timely compliance with the provisions referred to in the preceding paragraphs, all recipients of the Model must transmit to the Supervisory Board the indicated information

flows and reports of any breaches or suspected breaches 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 hard copy communication in a sealed envelope to the Supervisory Body at the following address: **Via delle Industrie 16, Santa Maria di Sala (VE)**.

Reports of any breaches or suspected breaches of the Model or the Code of Ethics can also be anonymous but must in any case describe in detail the facts and persons involved in the report.

An alternative reporting channel capable of guaranteeing the confidentiality of the identity of the reporting person by computerised means is the **WB Platform** of Piovan Group (see § 9.8 below). Through this system, reports concerning breaches of the Model or the Code of Ethics will be communicated to the Supervisory Body.

In order to ensure the protections provided by the Applicable Whistleblowing Regulations, the Company encourages the use of the WB Platform, governed by § 9.8 below.

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 ordinary mail channels:

- information expressly identified in the Special Part of this document;
- information relating to disciplinary proceedings and the penalties 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.

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.

9.8 Reporting of Breaches, so-called *Whistleblowing*

The new regulations for the so-called *Whistleblowing*

Art. 6 of Italian Legislative Decree 231/2001 (*subsection 2-bis*, introduced by Decree 24/23, which replaced the previous legislation envisaged by Italian Law 179 of 30 November 2017) provides that the organisational models must provide, "*pursuant to the Italian Legislative Decree implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019, for internal reporting channels, the prohibition of retaliation and the disciplinary system*".

The Company promotes and encourages the culture of prevention and Reporting of Breaches, giving clear information on the methods, the objective and the spirit with which they must be carried out.

WB Platform

Piovan has established and maintains a dedicated channel (**WB Platform**) capable of guaranteeing, also through encryption tools, the confidentiality of the identity of the reporting person, any third parties mentioned in the Report, as well as the content of the same and the related documentation.

The channel is accessible via the link: <https://piovan.whistleblowing.biz/>. The methods of use of this channel are governed by the WB Procedure, to which reference should be made.

WB Procedure

The Company keeps updated and disseminates the WB Procedure that regulates, *inter alia*: i) the subjects who enjoy the protection measures provided for by Decree 24/23; ii) the objective scope of the reports admitted and those not admitted because they are unrelated to the Applicable Whistleblowing Regulations or prohibited; iii) the conditions for proceeding with the internal reporting through the WB Platform and the related conditions of admissibility; iv) the methods and time-lines for carrying out the investigation; v) the conditions for resorting to external reporting to the

National Anti-Corruption Authority; vi) the protection measures, including the prohibition of retaliation; vii) the disciplinary penalties.

The Ethics Committee

Piovan has identified and appointed the **Ethics Committee**, in a so-called “mixed” collegial composition, responsible for the reception and management of Reports, in possession of the requirements of integrity, autonomy, professionalism and specific training required by law, which conforms its work to a specific procedure on the management of reports.

Training and information

Piovan promotes the knowledge of the WB Procedure and communicates to its personnel, by means of appropriate training initiatives, in a clear and complete manner the internal reporting procedure adopted as well as the prerequisites and conditions for resorting to external reporting.

Penalties in the event of breach of the Applicable Whistleblowing Regulations

Piovan prohibits any form of retaliation or discriminatory behaviour, for reasons connected, directly or indirectly, to the Report.

Breach of the WB Procedure and, more generally, of the Applicable Whistleblowing Regulations, constitutes a disciplinary offence. Please see chapter 11 ("*Disciplinary system*"), infra, of this Model.

ANAC penalties

The National Anti-Corruption Authority (**ANAC**), without prejudice to any other liability profiles, applies the following administrative penalties to the person responsible:

- a) from €10,000 to €50,000 when it ascertains that retaliation has been committed or when it ascertains that the report has been obstructed or that an attempt has been made to obstruct the same or that the obligation of confidentiality has been breached;
- b) €10,000 to €50,000 when it ascertains that no whistleblowing channels have been established, that no procedures have been

adopted for making and managing reports or that the adoption of such procedures does not comply with those referred to in articles 4 (internal whistleblowing channel) and 5 (management of the internal whistleblowing channel) of Italian Legislative Decree 24/23, as well as when it ascertains that the verification and analysis of the reports received has not been carried out;

- c) from €500 to €2,500 when the criminal liability of the reporting person for offences of defamation or slander or, in any event, for the same offences committed with the report to the judicial or accounting authorities or their civil liability, for the same reason, in cases of wilful misconduct or gross negligence, is established, including by a judgement of first instance.

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 counterpart 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 Italian Legislative Decree 231/2001 and to operate in line with the latter;
- the obligation to comply with any requests for information, data or news from the Supervisory Body of the Company.

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 breach of the preceding points.

11. Disciplinary system

11.1. General principles

The Penalties System of this Model is an autonomous system of penalties aimed at strengthening compliance with and effective implementation of the Code of Ethics and the Model in line with the Applicable Whistleblowing Regulations, and is an essential condition for ensuring the effectiveness of the Model.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, including when the conduct is carried out in the interest of the Company or with the intention of giving it an advantage.

Any breach of the Model, the Code of Ethics or the Model Implementation Instruments, committed by any person, must be immediately communicated, in writing, to the Supervisory Board or reported via the WB Platform, 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.

Where the Supervisory Body receives a report concerning a breach or suspected breach of the Model or the Code of Ethics, it must immediately carry out the necessary investigations, subject to maintaining the confidentiality of the person against whom it is proceeding. 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 penalties, it being understood that any disciplinary penalties are adopted by the competent corporate

¹⁴ In this regard, in fact, arts. 6, subsection 2, letter e) and 7, subsection 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 Senior Managers and Subordinates.

bodies, by virtue of the powers 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 breach, even with omissive conduct and in possible collaboration with others, of the principles of the Code of Ethics, 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 identified breaches to the SB or through the WB Platform;
- 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 conduct that do not comply with the Applicable Whistleblowing Regulations – referred to by the WB Procedure – including, by way of example but not limited to:
 - make with intent or gross negligence reports that turn out to be unfounded or in bad faith;
 - adopt discriminatory or retaliatory measures against the reporting person;

- hinder or attempt to hinder reports;
- omit the activity of verification and analysis of the report (by the person in charge for this purpose);
- breach the general principles of protection with particular reference to respect for the confidentiality of the identity of the reporting person.

11.2. Disciplinary measures

The Model and the Code of Ethics constitute a set of rules to which the personnel must comply also in compliance with the provisions of the National Collective Bargaining Agreement of reference on the subject of conduct rules and disciplinary penalties. Any breach, therefore, entails the application of the disciplinary procedure and the related penalties. 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 penalties

The type and extent of the specific penalties 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 penalties 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 penalties, only the most serious penalty shall apply.

The principles of timeliness and immediacy of the charge require the imposition of the sanction regardless of the possible initiation and/or outcome of criminal proceedings.

In any case, disciplinary penalties against Employees must be imposed in compliance with art. 7 of Italian Law 300/1970 (the so-called Workers' Statute) and all other existing legislative and contractual provisions on the subject.

11.2.2. Penalties for Employees

In compliance with the provisions of the disciplinary procedure of the Workers' Statute, the applicable National Collective Bargaining Agreement, as well as all other legislative and regulatory provisions on the subject, the worker responsible for actions or omissions contrary to the provisions of the Model, as well as the Applicable Whistleblowing Regulations, referred to in the WB Procedure, also taking into account the seriousness and/or repetition of the conduct, is subject to the following disciplinary penalties:

- verbal warning (minor breaches);
- written warning (minor breaches);
- a fine not exceeding three hours' pay calculated on the basis of the minimum scale (repeated minor breaches/serious breaches);
- suspension of remuneration and service for a maximum of three (3) days (serious breaches);
- dismissal with compensation in lieu of notice and severance pay (in the case of repeated serious breaches);
- 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 breaches committed with intent or gross negligence so serious as not to allow the continuation - even temporary - of the employment relationship).

11.2.3. Penalties for managers

Although the disciplinary procedure *pursuant to* art. 7 of Italian Law 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 breaches of the Model but also of the related laws, including the Applicable Whistleblowing Regulations, 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 breach/breaches and any repetition.

Also in consideration of the particular fiduciary bond, of the position of guarantee and supervision of the compliance with 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 Bargaining Agreement of the managers applicable to the Company, the dismissal with notice or dismissal for just cause will be apply, 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 penalty, reserves the right, for less serious breaches, 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 breach 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 identifying any breach 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 envisaged by the 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 identifying any breach 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. Penalties 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 punished pursuant to what is envisaged in the specific contractual clauses that will be included in the relevant contracts.

The serious or repeated breach 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 recipients of the reports

The Company, in the event of a breach of the provisions of the Applicable Whistleblowing Regulations - referred to in this Model and in the WB Procedure - by the persons in charge of receiving and managing reports of breaches, in order to protect the identity of the reporting person and the same from any acts of retaliation or discrimination, may apply disciplinary penalties for employees and/or contractual penalties for external parties (see previous paragraph).

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 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 with respect to newly hired employees, who must be given a set of information (e.g. Code of Ethics, National Collective Bargaining Agreement, Model, Italian Legislative Decree 231/2001, conditions and methods for making Reports of Breaches, etc.) in order to ensure them the primary knowledge considered fundamental 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 guiding 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 in progress, 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 penalty.

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 art. 6, subsection 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 breaches or ascertained breaches of the provisions of the Model.

This revision /03 of the General Part of the Model, including attachments, together with revision /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 March 6, 2024.



Organisation, Management and Control
Model pursuant to Italian L.D. 231/2001

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