



ILAPAK Italia S.p.A.

with single member

Registered Office in Foiano della Chiana (AR), Postcode 52045, Via Lama 11/13
EAI Number – AR 157775, Tax code and VAT number 10059400159

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

pursuant to It. Legislative Decree 231 of 8 June 2001
concerning the “Administrative Liability of Companies”

General Section

This Organisational, Management and Control Model (“Model”) of ILAPAK Italia S.p.A. has been drafted and reviewed to implement the provisions of articles 6 and 7 of It. Legislative Decree 231/2001.

Model adoption was approved by the Board of Directors of the Company with a resolution dated 16 March 2021 and it will be progressively implemented by the Board itself and by the Supervisory Body.

The “Model” is a management reference tool prepared for the prevention of criminal offences envisaged by the aforementioned It. Legislative Decree, in compliance with the corporate ethical policy adopted by the Company.

This document is a draft prepared for the sole use of the directors and the board of directors and statutory auditors of Ilapak Italia S.p.A.. So that they can take view, in the context of the decision-making process for any adoption pursuant to It. Legislative Decree 231/2001.

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DOCUMENT INDEX

1.	IT. LEGISLATIVE DECREE 231/2001 - "ADMINISTRATIVE LIABILITY FOR LEGAL PERSONS, COMPANIES AND ASSOCIATIONS, INCLUDING THOSE WITHOUT LEGAL PERSONALITY"	9
	GENERAL PRINCIPLES.....	9
	THE PARTIES.....	9
	THE INTEREST OR ADVANTAGE OF THE COMPANY	10
	THE PREDICATE OFFENCES FOR APPLICATION OF DECREE 231/2001	12
	THE SANCTIONS	12
	THE ORGANISATIONAL MODEL - EXEMPTING EFFECTIVENESS.....	13
	MODEL REQUIREMENTS.....	13
	THE GUIDELINES.....	14
2.	THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF ILAPAK ITALIA SPA	14
	MODEL CHARACTERISTICS	15
3.	THE CURRENT STRUCTURE OF ILAPAK ITALIA.....	18
	THE ORGANISATIONAL STRUCTURE	19
	CORPORATE GOVERNANCE	21
	RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS	22
4.	ACTIVITIES PREPARATORY TO THE ADOPTION OF THE ORGANISATIONAL MODEL	23
	MAPPING OF THE SO CALLED "AREAS EXPOSED TO THE RISK OF CRIME" AND ANALYSIS OF POTENTIAL RISKS	24
	RISK ASSESSMENT - EVALUATION OF THE INTERNAL CONTROL SYSTEM	25
5.	INFORMATION AND TRAINING OF MODEL RECIPIENTS	28
6.	INFORMATION TO THIRD PARTIES.....	29
7.	DISCIPLINARY AND SANCTIONING SYSTEM	30
8.	SUPERVISORY BODY	30
	APPOINTMENT AND TERM OF OFFICE	30
	DUTIES	31
	COMPOSITION	32
	THE REQUIREMENT OF PROFESSIONALISM.....	32
	THE REQUIREMENT OF INDEPENDENCE.....	33
	EFFECTIVENESS AND CONTINUITY OF ACTION	33
	REPORTING LINES	33
	INFORMATION OBLIGATIONS TOWARDS THE SUPERVISORY BODY	34
	REPORTING OF WRONGDOING PURSUANT TO L. 179 OF 2017 ("WHISTLEBLOWING")	34
	FINANCIAL AUTONOMY.....	36

SUPERVISORY BODY BYLAWS	36
THE CHOICE MADE BY ILAPAK ITALIA S.P.A.	37
9. PERIODIC CHECKS AND MODEL UPDATE	37

Annexes

- "A" - List of predicate offences
- "B" - Disciplinary and sanctioning system
- "C" – Bylaws of the Supervisory Body

DEFINITIONS

<i>Director/s</i>	Member/s of the Board of Directors of ILPAK Italia SpA
<i>Activities Exposed to the Risk of Crime or Sensitive Activities</i>	Shall mean the processes, operations or actions or set of operations and actions in the performance of which, related to the Predicate Offences, committing an offence of that type is abstractly possible, by persons carrying out their duties for the Company
<i>Areas exposed to the risk of crime</i>	Divisions, offices and or departments within which the Predicate Offences can be abstractly committed
<i>National Collective Bargaining Agreement</i>	National Collective Bargaining Agreements applied by ILPAK Italia
<i>Code of Ethics</i>	Shall mean the Code of Ethics adopted by the Parent Company IMA SpA the full text of which can be found on the website www.ima.it . Document containing the general ethical principles of conduct, recommendations, obligations and prohibitions by which the Parent Company and the companies belonging to the IMA Group are guided and that ILPAK Italia employees are obliged to know and comply with. For Organisational Model purposes, reference to the "Code of Ethics" is limited exclusively to those rules of conduct and behaviour (therein) whose violation and/or non-compliance can lead (or be instrumental) to the commission of a Predicate Offence
<i>Board of Directors</i>	The Board of Directors of ILPAK Italia SpA
<i>Collaborators</i>	Shall mean any individual that has a collaborative relationship even with powers but without the constraint of subordination, agency, representation and/or other professional relationships of a non-subordinate nature.
<i>Managing Director/s</i>	Member of the Board of Directors with specific operational powers pursuant to the resolutions of the

Organisational, Management and Control Model
General Section

	Board of Directors of ILAPAK Italia.
<i>CONSOB</i>	Italian Securities and Exchange Commission
<i>Consultants</i>	Persons acting in the name and/or on behalf of ILAPAK Italia under an agency contract or other contractual professional collaboration agreement
<i>Corporate Governance</i>	The set of rules, regulations and corporate governance procedures as defined by the Corporate Governance Code of Borsa Italiana SpA.
<i>It. Decree or Legislative Decree 231/01 or Decree 231/01</i>	It. Legislative Decree 231 of 8 June 2001, as subsequently amended and supplemented.
<i>Recipients</i>	Parties required to comply with the provisions of this Model pursuant to the Decree such as, but not limited to, Corporate Bodies, Directors, Statutory Auditors, Employees, Consultants, Agents, Collaborators and Partners. As well as those operating on the mandate of the Company and all those who, directly or indirectly, permanently or temporarily, establish, in any way, a de facto, contractual or collaborative relationship or relations, acting in the interests of the Company.
<i>Employees</i>	All persons who have a subordinate or semi-subordinate employment relationship with ILAPAK Italia S.p.A., including executives.
<i>Body</i>	Term by which It. Legislative Decree 231/2001 indicates the legal person responsible pursuant to the Decree.
<i>Suppliers</i>	Suppliers of ILAPAK Italia goods and services that do not fall within the definition of Partners.
<i>IMA Group</i>	Shall mean IMA Industria Macchine Automatiche SpA (Parent Company) and the companies directly and indirectly controlled by it. The updated structure of the IMA Group can be consulted on the IMA SpA corporate website - https://www.ima.it/Inv1/IT/Investor_Relations

Organisational, Management and Control Model
General Section

<i>ILAPAK Italia or Company</i>	ILAPAK Italia S.p.A. with registered office in Foiano della Chiana AR, Via Lama 11/13.
<i>IMA SpA or Parent Company</i>	Shall mean IMA Industria Macchine Automatiche SpA, with headquarters in Ozzano dell'Emilia (BO), Via Emilia 483, the parent company of the IMA Group and listed on the STAR Market organised and managed by Borsa Italiana SpA.
<i>Guidelines</i>	The "Guidelines for the creation of the Organisational, management and control models pursuant to It. Legislative decree 231/2001", prepared by Confindustria, of March 2014 (approved by the Ministry of Justice on 21 July 2014).
<i>Model, Organisational Model or OMCM</i>	Organisational, Management and Control Model adopted by ILAPAK Italia, pursuant to art. 6 and 7 of the Decree. The Model includes the General Section, the Special Sections and the Annexes.
<i>Corporate Bodies or Company Bodies</i>	The Board of Directors and the Board of Statutory Auditors of ILAPAK Italia
<i>Supervisory Body or SB</i>	Shall mean the collegial Body in charge of supervising the functioning and compliance with the Model and its updating in ILAPAK Italia and envisaged by art. 6 of It. Legislative Decree 231/01.
<i>Partner</i>	Contractual counterparty (including customers) with which ILAPAK Italia has established a contractually regulated relationship, intended to cooperate with ILAPAK Italia in the context of Activities at Risk.
<i>General Section</i>	The part of the Model containing, among other things, the description of the duties of the Model and of the Supervisory Body, as well as a description of the organisation and structure of ILAPAK Italia.
<i>Special Section or Special Sections</i>	The sections of the Model expressly dedicated to each Offence identified as relevant for the activities of ILAPAK

Organisational, Management and Control Model
General Section

	Italia, describing the specific features of Offences, the Areas and Activities exposed to the Risk of Crime, the main characteristics of the control and prevention system, as well as the control and monitoring activities of the Supervisory Body.
<i>Public Administration or P.A.</i>	Shall refer to the set of bodies and public entities (State, Ministries, Regions, Provinces, Municipalities, etc.) and sometimes public law bodies, agents, contracting authorities, different types of limited liability companies (s.p.a.) etc.) and all those that somehow perform the public function in the interest of the community and therefore in the public interest
<i>Predicate Offences or Offences</i>	The types of offence to which the provisions of the Decree apply. The Organisational Model of ILAPAK Italia includes the list of Predicate Offences envisaged by the Decree updated to the OMCM publication date.
<i>Internal Control System</i>	The set of procedures, processes and application practices adopted by ILAPAK Italia to govern and control all company activities.
<i>Quality Management System ("QMS")</i>	The Quality Management System is based on the ISO 9001 standard adopted by ILAPAK Italia and related to the "Design, production, installation and assistance of machines and automatic lines for flexible film packaging". The QMS was certified for the first time by SGS Italia SpA on 2 May 2017.
<i>Occupational Health, Safety and Management System ("OHSMS")</i>	Organisational and management model for the definition and implementation of a company policy for health and safety pursuant to Article 6, paragraph 1, letter A of It. Decree 231/01 suitable to prevent offences referred to in articles 589 and 590, paragraph 3 of the It. Criminal Code committed with violation of the accident prevention regulations on the protection of occupational health and safety.
<i>SAP Integrated Information System</i>	The integrated SAP/R3 management information system adopted by ILAPAK Italia to manage, process and store

Organisational, Management and Control Model
General Section

	the flow of data between the various company divisions.
<i>Site Manager and Operation</i>	Shall mean the Plant Manager.
<i>Parent Company or Holding Company</i>	Shall mean Ilapak International SA, Zona Industriale E, 6916 Grancia (Suisse), holder of 100% of the shares in ILAPAK Italia SpA
<i>Top Management</i>	Shall mean the persons holding the independent power to make decisions in the name and on behalf of the Company, during the operation and within the limits set by respective powers. Pursuant to art. 5, paragraph 1, letter A) of It. Legislative Decree 231/2001 they are persons whose duties involve representation, administration or management of the Company or of an organisational unit with financial and functional autonomy as well as of persons who exercise, even de facto, the management and control thereof.
<i>Parties subject to the management of others</i>	Shall mean persons subjected to the management and supervision of Top Management as identified in art. 7 of It. Legislative Decree 231/2001.
<i>Consolidated Safety Act</i>	Consolidated Safety Act, pursuant to It. Legislative Decree 81 of 9 April 2008 as amended.

INTRODUCTION

This Model, approved and adopted by the Board of Directors of ILAPAK Italia on 2 March 2018, constitutes the descriptive document setting forth the rules, procedures and principles adopted and pursued by ILAPAK Italia on an ongoing basis in order to provide itself with an effective, operative tool that guarantees, together with everything already in place for control and transparency purposes, maximum reduction of risks foreseen by It. Decree 231/01.

1. IT. LEGISLATIVE DECREE 231/2001 - "Administrative liability for legal persons, Companies and associations, including those without legal personality"

GENERAL PRINCIPLES

It. Legislative Decree 231 of 8 June 2001, implementing art. 11 of It. Law 300 Of 29 September 2000, provides, in addition to the criminal liability of the physical person committing the "crime", the criminal responsibility of the Entity that person "belongs" to, which has benefited or in whose interest the crime was committed.

In compliance with international and community obligations, the Decree in question introduced into our system a form of direct, autonomous responsibility for collective bodies, connected to the commission of specific offences; liability defined as "administrative", but in substance configurable as a real form of criminal liability.

THE PARTIES

The parties whose criminal action the Decree associates Entity liability emerging to, must be linked to the company by a functional relationship of dependency and/or a negotiated relationship resulting from an assignment received from a member of Top Management (suppliers, consultants, collaborators, etc.).

In particular, art. 5 of It. Legislative Decree 231/2001 identifies:

- a) the parties who represent, administer, manage the organisation or an organisational unit, empowered with functional financial autonomy, so-called Top Management;
- b) parties that effectively exercise management and control of the Company;
- c) parties subject to the management or supervision of one of the persons referred to in subparagraphs a) and b).

The legislator has also attributed specific importance to "de facto" situations, that is those situations where the powers needed to act autonomously cannot be immediately deduced from the role held within the organisational structure or official documentation (powers, proxies, etc.).

Art. 6 of the Decree states that, if the crime has been committed by persons in a top management position, the Company is not liable if it proves that:

- a) the management body adopted and effectively implemented, before the fact was committed, organisational, management and control models suitable to prevent offences covered by the Decree;
- b) the task of supervising the functioning and compliance with models, ensuring that the updating thereof has been entrusted to a "body" with autonomous powers of initiative and control;
- c) people have committed the crime by fraudulently evading the organisational and management models;
- d) there has been no omission or insufficient supervision by the Body.

Article. 7 provides that the Company is liable if commission of the offence by an individual subject to the management of another person has been made possible by non-compliance with the duties of management and supervision; obligations that are deemed to have been discharged (unless otherwise proven by public prosecution) if the Company has effectively adopted the prevention model.

THE INTEREST OR ADVANTAGE OF THE COMPANY

In order for the company to assume liability, it is also necessary that the hypothetical unlawful conduct has been put in place by individuals identified as "in the interest or for the benefit of the Company (1), while this responsibility is expressly excluded if the offence has been committed "in the exclusive interest of its own or of third parties".

¹ *In terms of liability for the criminal offence of legal persons and of companies, the regulator term, identifying presupposition in the commission of offences" in its interest or to its advantage", does not contain an hendiadys, because the terms regard different legal concepts, being able to distinguish an interest "upstream" due to undue enrichment, prefigured and perhaps not realized, as a result of the offence, from an advantage objectively achieved through the commission of the offence, although not prospected ex ante, so that interest and advantage are in real competition (see Criminal Cassation II Division, 20.12.2005 no. 3615).*

More specifically, the Court of Cassation affirmed that the Entity is not liable for the administrative offence as a result of the offence committed by the individual in his/her exclusive interest or that of third parties, not even partially attributable to the interest of the Entity, i.e. in the case in which it is not possible to configure identification between the company and its bodies.

Except for the foregoing, the Entity is not liable for what has been committed by its employee/representative if it demonstrates that it has taken the necessary measures to prevent the commission of crimes of the type implemented (adoption and effective implementation of the Model).

The law then pointed out that the responsibility foreseen for the Entity through It. Legislative Decree 231/2001 results from a "fault in the organisation" of the juridical person (ex plurimis, Criminal Cassation Division VI, 18-02-2010 - 16-07-2010, No. 27735). Failure to adopt the Model, in the presence of the objective and subjective conditions indicated above (an offence committed in the interest or advantage of the company and top management position of the offender) is sufficient to constitute the criminal liability referred to in the Ministerial Report to the Legislative Decree and to integrate the sanctioning case in point, constituted by the omission of the required due organisational and management precautions to prevent certain types of crimes. In this criminal liability concept, a new "regulatory" form of guilt is implicit due to organisational and managerial omission. As the legislator has reasonably drawn from the concrete events that have taken place in the economic and entrepreneurial context over these decades, the legitimate and well-founded conviction of the need for any organisational set-up constituting an entity pursuant to article 1, paragraph 2 of It. Legislative Decree 231/01 to adopt organisational and management models to prevent the commission of certain crimes that experience has proved to be functional to structured and consistent interests (2). This "organisational guilt assumes specific relevance in the context of the so-called group of companies.

Obviously, requirement of the interest or advantage of the Entity, as a criterion for objectively attributing entity liability, can also be integrated by indirect advantage; understood as the acquisition for the company of a privileged position on the market resulting from the offence committed by top management. Nevertheless, the very nature of the attribution of liability criterion recognised by the law requires the concrete and not abstract affirmation of the existence of such an interest or advantage, to be understood respectively as potential or effective utility, although not necessarily of assets, resulting from the commission of the presumed crime. (see Court of Milan - Court order 28.04.2008)

² Court of Cassation, Division VI - 9.07.2009 no. 36083

THE PREDICATE OFFENCES FOR APPLICATION OF DECREE 231/2001

The Decree expressly identifies the crimes (crimes and offences) which may give rise to Company liability if they are committed in its interest or to its advantage. Annex A provides the types of offence contemplated by the legislation (hereafter, also referred to for the sake of brevity, as "Predicate Offences"), broken down by category.

THE SANCTIONS

The penalties provided for by It. Legislative Decree 231/2001 are:

- i. pecuniary sanctions, which always result in recognition of the liability of the Entity and are applied with the quota system, in relation to the gravity of the crime and the economic and equity conditions of the Company, with the explicit purpose of "ensuring sanction effectiveness";
- ii. disqualification sanctions (disqualification from exercising the activity, suspension or withdrawal of authorisations, licences, concessions, functional to the commission of the crime, prohibition to contract with the Public Administration, exclusion from incentives, loans, contributions or subsidies and possible withdrawal of those already granted, prohibition to advertise goods or services), added to the fines and lasting not less than three months and not more than two years. Their application is contemplated solely as a consequence of committing certain Predicate Offences indicated by the Decree. They are envisaged in relation to their dissuasive effectiveness as they can profoundly affect the organisation, operation and Company business. Disqualification sanctions, where conditions are met (above all in terms of offence seriousness and relevance, as well as the possibility of their recurrence), can also be imposed as a precautionary measure during preliminary investigations for a maximum duration of one year. Substantial assumption for the imposition of precautionary sanctions is their express provision in relation to the single offence types, as well as the particular gravity of the fact, based on the (dis)value of the "administrative" tort, or on the "danger" of the Entity itself which, in the presence of a recurrence of crimes, has proved to be insensitive to pecuniary sanctions.
- iii. publication of the sentence, which can only be ordered if a disqualification sanction is applied to the Entity;
- iv. confiscation of the price or profit of the crime, or equivalent.

THE ORGANISATIONAL MODEL - EXEMPTING EFFECTIVENESS

The "exempting" effectiveness of organisational and management models is subject to their prior adoption with respect to the commission of the offence. Adopted after the criminal act has been committed, however, may result in a reduction of the sanction and avoiding imposition of interim protective measures. If adopted after conviction, together with compensation for damages and returning the unlawful profit, they can determine the conversion of the interdictory sanction that may be imposed as a pecuniary sanction. The Court of Cassation has repeatedly reiterated (see for all Cassation Sentence no. 36083/2009) that the absence of the Organisational Model prevents - in fact - any defence by the Entity in the face of disputing a predicate offence to top managers.

MODEL REQUIREMENTS

In order for the models to be effective - and judged suitable for the purpose - they must respond concretely to the following requirements:

- identify the areas and activities at risk in which the crimes may be committed;
- provide appropriate protocols to implement the decisions of the Entity in relation to the crimes to be prevented;
- identify the management methods for financial resources suitable for preventing the commission of crimes;
- provide for information obligations towards the Supervisory Body;
- introduce a disciplinary system to punish non-compliance with the measures indicated.

For model drafting purposes and the resulting assessment of its suitability, the law (still very poor) on the point and its criteria should be considered. In particular: the Court of Cassation with sentence number 4677 of 30.01.2014 (going against the Preliminary hearing judge of Milan on 17.11.2009 and to the Court of Appeal of Milan on 21.03.2012) ruled, in summary, that "a model is suitable when the procedures supporting it are appropriate to avoid the commission of the predicate offence".

It is also important to highlight what was established by the Preliminary Investigations Magistrate of Milan (Mr. D'Arcangelo) in November 2010. *The ruling established the principle according to which "acting in accordance with the law is subtracted from the entrepreneur's discretion and the risk of non-compliance cannot be considered an acceptable risk by the directors".*

The aforementioned ruling states that *"the judge called on to decide whether an organisational model is suitable must refer to the discipline of a particular sector with*

reference to the time of the criminal conduct being disputed and verify which organisational precautions have been adopted by the body to prevent a given fact that was a criminal offence and how they were actually implemented with reference to the best technical knowledge available at the time "[...]" the appropriate precautionary model is, in fact, (from a methodological point of view, also from the perceptive content of article 30 of It. Legislative Decree 81 of 9.4.2008) the one forged from the best knowledge, consolidated and shared at the time in which the offence is committed, with regard to methods to neutralise or minimise the typical risk ".

The essential Organisational Model requirements must also include, among others, elements to identify the financial resources suitable for preventing and avoiding commission of crimes.

Also in model suitability terms, the existence of a Group is of particular relevance: the updating and adaptation of the Organisational Model, in fact, cannot ignore the jurisprudential evolution in terms of administrative responsibility of the Parent Company in the hypothesis of a predicate offence committed by parties (top management and not) belonging to the subsidiaries.

THE GUIDELINES

Article 6 of the Decree states that the Organisational, Management and Control Models can be adopted on the basis of behaviour codes drawn up by the representative associations of the bodies, communicated to the Ministry of Justice. The Company, therefore, when preparing this document, took into account the Guidelines - as defined in the "Definitions" - making weighted choices in order to better customize and adapt the principles dictated by the Legislator to its specific reality.

It should be noted, however, that indications - necessarily general and standardized - dictated by the Confindustria Guidelines have sometimes been supplemented or disregarded where deemed necessary, in order to adapt the principles to the peculiarity and concreteness of the company.

2. THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF ILAPAK Italia SPA

ILAPAK Italia formally established its own Organisational and Management Model on March 2, 2018.

This Organisational Model was drafted and adopted taking into account, inter alia:

Organisational, Management and Control Model General Section

- the current regulatory framework;
- the governance and organisational structure at the Model adoption date;
- current jurisprudence and doctrine;
- directives from the Parent Company IMA in relation to Organisational Models 231/01 and considerations resulting from the Model application experience over the years;
- the practices of Italian companies in relation to the management and drafting of organisational models ("best practices");
- the Guidelines, specifying however, that the indications - of a necessarily general and standardised nature - dictated by the latter were recently supplemented or disregarded where deemed necessary in order to adapt the principles to the peculiarity and concreteness of the business reality of ILAPAK Italia;
- with specific reference to occupational health and safety the provisions contained in art.30 of the Consolidated Safety Act.

MODEL CHARACTERISTICS

This Organisational Model is an integral part of the ILAPAK Italia Internal Control System, which consists of a complex system of procedures and processes implemented and applied by the Company to which the Model refers for its implementation. Among these, the main ones concern:

- the general governance system;
- the delegation and power of attorney system, as well as all documents describing and assigning responsibilities and/or duties to those working in the Company in Areas at risk of crime (see the cited documents, for example: organisational charts, service orders, job descriptions, functions performed, etc.);
- the quality management system - QMS: is the Quality Management System compliant with ISO 9001 related to the "Design, production, installation and assistance of machines and automatic lines for flexible film packaging" certified by SGS Italia SpA;
- safety management system - SGSL: is the Safety Management System according to the provisions in It. Legislative Decree 81/08.
- the internal procedures and controls system whose purpose is to ensure adequate transparency, knowability and traceability of decision-making and financial processes, as well as conduct that must be held by the recipients of this Model and operating in Areas Exposed to the Risk of Crime.

It follows that the term "Model" must be understood as not only this document (General Section and Special Section), but also all the other systems and documents relating to the Company's Internal Control System currently in force and applied, as well as those to be

adopted in accordance with the provisions of the Model itself in order to pursue its primary objectives.

With reference to the specific needs identified by the legislator in the Decree and further detailed in trade association Guidelines, the activities that the Board of Directors has decided to confirm, after the experience accrued in the first years of application, to implement the Model, are listed below:

- detailed mapping of the Activities exposed to the risk of crime, their analysis and monitoring for the best Model implementation;
- analysis of the Internal Control System in place, with reference to Activities exposed to the risk of crime, and definition of any corrective actions to ensure full compliance with Decree provisions. In this context, particular attention has been paid to:
 - o definition of ethical principles in relation to conduct that can integrate the types of offence envisaged by the Decree;
 - o definition of Company processes in which, in principle, the conditions, opportunities or means to commit offences could be configured;
 - o definition of personnel training methods;
 - o definition of information relating to the obligation to comply with the Model adopted by the Company to be provided to outsourcers and other third parties with whom the Company has negotiated relations;
 - o definition and application of disciplinary measures to sanction the failure to comply with those indicated in the Model and with an appropriate deterrent;
- identification of the composition of the Supervisory Body and attribution thereto of specific supervisory tasks on effective, correct Model functioning and on the updating thereof;
- definition of information flows to the Supervisory Body;

As suggested by trade association guidelines, the Organisational Model formalises and clarifies the attribution of responsibilities, the lines of hierarchical dependence and the description of the tasks, with specific provision of control principles such as, for example, the juxtaposition of divisions. In particular, the Quality Management System, manual procedures and IT protocols (managed by the SAP Information System) are implemented in order to regulate the performance of ordinary activities, providing the appropriate control points (such as, for example, authorisations for transaction phases, balancing checks and controls on the actions of third party operators and peripheral parties, etc.) and adequate levels of

safety. Furthermore, where possible, in the process structure, the strengthening or, in limited cases, introduction of the separation of tasks and responsibilities between those who perform crucial activities of a process at risk ("segregation of duties") and the principles of transparency and verifiability according to which every operation, transaction, action must be verifiable, documented, coherent and congruous have been applied.

As far as financial management is concerned, where procedural control makes use of tested tools, preventive protocols, frequent reconciliation, supervision and authorisations, segregation of duties has been adopted, where possible, for example between the purchasing function, the accounting function and treasury.

Specific attention is paid to the employee reward systems, so that they are stimulating but achievable; therefore targets that are clearly unmotivated and unobtainable, which could constitute an incentive for the commission of crimes, are avoided.

Finally, with specific reference to authorisation and signatory powers, these have been assigned consistently with organisational and managerial responsibilities defined; with the provision, when required, of precise indication for expense approval thresholds. In any case, depending on the current Model, no one is granted unlimited powers and appropriate measures are adopted so that powers and responsibilities are clearly defined and known within the organisation. From this point of view, no one can autonomously manage an entire process and for each operation adequate documentary support (or IT for processes managed by the SAP Information System) is required; which can be checked at any time to certify the characteristics and reasons for the operation and identify who authorised, performed, registered and verified the operation itself.

The Model involves every aspect of Company activities, through the clear distinction of operational tasks from those of control, to correctly manage Activities exposed to the risk of crime and the possible conflict of interest situations. In particular, controls involve, with roles and at different levels, the Board of Directors, the Board of Statutory Auditors, the Supervisory Body, executives and all personnel, representing an essential attribute of the Company's daily activities.

As far as control aspects are concerned, the Model, in addition to providing for the creation of an autonomous, independent Supervisory Body, ensures the integration and coordination of the latter's activities with the existing Internal Control System, making the wealth of experience gained its own. Finally, again with regard to controls, the Model establishes the obligation to document (by drafting minutes where possible) the performance of audits and checks.

As a company belonging to the IMA Group, through this Model ILAPAK Italia adheres to the "IMA Group 231 system" which, through its principles, constitutes the point of reference for companies belonging to the IMA Group. The system can be summarized as follows:

- 1) all the directly or indirectly controlled Italian companies belonging to the IMA Group, independently and considering the characteristics of their specific activities and structure, adopt an Organisational Model;
- 2) this Model, once adopted, will be suitably implemented to be truly effective;
- 3) an appropriate SB is appointed for each company; in composition, competence and functionality, with respect to Decree provisions;
- 4) IMA SpA, for its protection, states the minimum criteria of the Organisational Model adopted by the various subsidiaries, as well as the operating criteria of the various Supervisory Bodies;
- 5) The Supervisory Body of ILAPAK Italia must, among its specific tasks, monitor, through appropriate information flows, that all the Supervisory Authorities guarantee a correct control action, as required by the Decree.

3. THE CURRENT STRUCTURE OF ILAPAK ITALIA

The Ilapak group operates in the packaging machines sector worldwide. In particular it focuses on the primary packaging of food and non-food products using a plastic film, known as Form-Fill and Seal (FFS) packaging.

The group's production companies, of which Ilapak is a part, design individual packaging machines and complete lines based on the specific needs and applications of customers, also providing a valuable local after-sales service. Ilapak operates through an extensive network of factories, sales subsidiaries and agents in several countries: the factories are located in Lugano (Switzerland), Italy (Arezzo and Bologna), Beijing (China) and Lowell, Arkansas (United States).

Founded in 1991, Ilapak Italia is active in the design, production and development of automatic vertical packaging machines (including Vegatronic, Weightronic and Alpha ranges). It sells its machines abroad through the commercial companies of the Ilapak group. In Italy it is the official dealer of all the machines of the group itself and spare parts. Finally, it provides technical assistance and after-sales maintenance on machines sold. In addition to its historic headquarters in Foiano della Chiana (AR), the company opened a secondary office in San Lazzaro di Savena (Bologna) in 2014, to develop and market new product lines (for example LUX, Apollion).

Ilapak Italia S.p.A. is wholly owned by the Swiss company Ilapak International S.a., which is itself controlled by Ima S.p.A., while it owns 100% of the capital of the Chinese company Ilapak (Beijing) Packaging Machinery Ltd.

THE ORGANISATIONAL STRUCTURE

a) Technical Office (research and innovation)

The Technical Office is the unit which coordinates the research and development projects managed by the various divisions. It develops projects and new machines with a high level of innovation with its own resources.

b) Administration, Finance and Control

People dealing mainly with Administration and Finance work under the direction of the Administrative Manager. Management control, on the other hand, is performed by a unit that functionally depends on the Group Controller.

Administration carries out the following activities:

- general accounting, preparation of financial statements, management of problems and tax obligations;
- accounting and activities related to the receivables cycle;
- accounting and activities related to the payables cycle;
- treasury that, following the directives of the centralized treasury, manages relations with banks. Monitors the status of trade receivables.
- Export, in particular, manages the machines bound for EU and non-EU countries. This means, in particular, the preparation of data and documents to satisfy the provisions regulating the exchange of goods between the countries of the world.
- Personnel administration, coordinating catering services, attendance management, car park management, reception and switchboard.

Management control deals with the preparation and analysis of the management reporting of divisions and business and consolidated sectors. Together with the other

corporate bodies involved, it prepares the budget, the plan and the pre-closures. The office manages the enhancement of warehouses, in particular as regards the orders managed at the works progress stage.

c) Spare Parts Office

The Office manages after-sales of spare parts and upgrade orders, from offer stage, order acquisition, possible design and procurement of materials, coordinating any assembly, up to the invoicing and management of the documents necessary for export to EU and non-EU countries. This means, in particular, the preparation of data and documents to satisfy the provisions regulating the exchange of goods between the countries of the world.

d) After-sales office

The office manages installations and works following the sale of machines, and the supply of materials covered by contractual warranties.

e) Production Systems

The following offices operate under the direction of the Production Systems Manager:

- One single **Purchasing Office** which includes the activities: of the "**Productive Purchases**" office which deals with the management, purchase of all materials and coding of those designed, components and parts needed for the production of automatic machines, also handling material traceability; the **Ancillary purchasing** office which deals with the procurement of coded and uncoded material not directly linked to production, the issuing of orders for the maintenance of plants and buildings, the translation of texts and documents.
- The **Logistics and warehousing of trade parts** that deals with the electrical and mechanical commercial components warehouse and operates as a service across all the offices/companies of the ILAPAK group; manages the handling of incoming and outgoing materials for the production and sales to foreign branches/third parties; it also deals with shipping machines. Logistics manages all warehouse inventory procedures; it takes care of the complete operation concerning non-conformity reports; deals with machine shipments.
- The **Supply chain and testing** unit which manages relations with primary suppliers within the ILAPAK Italia Group's production chain, and the dimensional and qualitative testing of mechanical parts produced by the internal workshop and by suppliers.
- The **Workshop** that manages the manufacture, construction, production of certain mechanical parts, or pieces modified with respect to standard formats, components

of machines for automatic packaging designed, assembled and sold by ILAPAK Italia SpA to subsidiaries and/or third parties.

- The **General Services Environment and Safety unit** (SGAS) which takes care of the protection of the external environment, safety and hygiene at work, maintenance of plants and buildings, management of energy resources and maintenance of machine tools.

f) Technical support for sales and Sales Office

The office manages machine offers and order management, acting as a link between the factory and commercial subsidiaries, as well as agents. For the commercial side, it manages relations with Italian customers, taking care of the contractual part. It also manages import operations.

CORPORATE GOVERNANCE

The corporate governance system of ILAPAK Italia provides for a division of functions and powers, according to the traditional corporate governance scheme, represented by the Shareholders' Meeting, Board of Directors and Board of Statutory Auditors.

ILAPAK Italia's Bylaws provide that the Company is managed by a Sole Director or a Board of Directors composed a minimum of 3 to a maximum of 5 members. This is the body entrusted with the task of strategic and organisational management of the Company. Examination and approval of the strategic, industrial and financial plans of the Company is reserved for the sole competence of the Board in the collective body, with the task of periodically monitoring its implementation as well as the definition of the corporate governance system of ILAPAK Italia.

During meetings and, in particular, those approving period data, the Board assesses the general management performance, also making a comparison with the objectives set in the budget.

Examination and prior approval of the Company's operations when transactions have a significant strategic, economic, equity or financial significance for the Company are reserved for the sole competence of the collegial Board.

Legal representation of the Company and the company signature are the responsibility of the Chairman of the Board of Directors.

The Board has granted the Chairman of the Board of Directors the broadest powers for ordinary company management.

Two executive directors have been appointed on the ILAPAK Italia Board of Directors:

- a) a director who has been granted operational powers in the field of environmental protection and of noise and water pollution, as well as waste disposal. But also in terms of prevention of accidents and occupational hygiene, assuming all the powers and duties of the "Employer" pursuant to It. Legislative Decree 81/2008; for commercial activity, production, personnel management and banking operations.

- b) a director to whom powers have been attributed for purchase agreements and personnel management and representation powers with certain Bodies/organisations.

By virtue of the above, both have assumed the role of Managing Directors of ILAPAK Italia.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Internal Control System is the set of rules, procedures and organisational structures to enable, through adequate identification, measurement, management and monitoring of the main risks, sound, correct management of the company consistent with pre-set goals.

The Board of Directors of ILAPAK Italia has defined the main guidelines for the Internal Control System, and has adopted tools of a general nature, to plan the drafting and implementation of Company decisions (also related to the Predicate Offences):

- the system of proxies and powers to which adequate publicity is given so they can be enforced against third parties;
- the documentation and provisions concerning the corporate and organisational hierarchical-functional structure, as reflected in the company organisation charts;
- the set of company directives and procedures, to regulate and govern company activities;
- communications and company circulars directed to staff;
- the obligatory, adequate and differentiated training of all personnel;
- the employee disciplinary and sanctioning system, the national and foreign regulatory and legislative "corpus" as applicable.

In addition to the specific controls described in the Special Section of this Model, the Internal Control System is based on compliance with the following principles and criteria that must be complied with when executing all corporate activities including those exercised in Areas exposed to the risk of crime:

- transparency: each operation/transaction/action must be justifiable, verifiable, consistent and congruent;
- separation of functions/powers: no one can independently manage an entire process and can be endowed with unlimited powers; the authorisation and signature powers must be defined in a manner consistent with organisational responsibilities assigned;
- adequacy of internal rules: the set of company rules must be consistent with operations performed and the level of organisational complexity and such as to guarantee the necessary controls to prevent the commission of the crimes envisaged by the Decree;
- traceability/documentation: each operation/transaction/action, as well as the related auditing and control activity, must be documented and the documentation must be properly archived.

4. ACTIVITIES PREPARATORY TO THE ADOPTION OF THE ORGANISATIONAL MODEL

The preparation and updating of the Organisational Model were preceded by a series of preparatory activities to "map" the Areas exposed to the risk of crime and audit the Company's internal control systems, in line with the provisions of It. Decree 231/01 and Guidelines.

In this regard, it should be noted that the main phases in which a risk management system is developed to construct the Organisational Model are identified as follows by the provisions of It. Decree 231/01 and the Guidelines:

- a) **"Identification of risks"**, i.e. analysis of the company context to highlight in which area/sector of activity and according to which modalities there may be events prejudicial to the objectives indicated in It. Decree 231/01;
- b) **"design of the control system"** (so called protocols to plan the training and implementation of body decisions), i.e. assessment of the organisational and control system existing within the company and its possible adjustment, to make it suited to effectively counteracting identifying risks, i.e. to reduce the risks to an "acceptable level", having regard i) to the probability of the event occurring and ii) to the impact of the event itself.

The preliminary activities in question (i.e the "mapping the Areas exposed to the risk of crime" and audit of the internal control systems) were carried out through a *self-assessment* activity, to examine company documentation (organisational charts, corporate powers and powers of attorney, policies, procedures, guidelines and internal regulations adopted by the Company, etc.) and interview Company personnel. The audit was also carried out by analysing additional elements relevant to the risk identification process and assessing the areas/activities most exposed to the commission of crimes, including:

- the development of the regulatory framework;
- the corporate and organisational changes that have occurred since the date of adoption of the Model and the specific "history" of the Company, including, in particular, the presence of any criminal, administrative or even civil proceedings involving the Company with regard to risk;
- the size of the company and the group of companies to which it belongs (in relation to data such as turnover, number of employees);
- the markets and territorial areas in which the Company operates;
- the organisational structure;
- the pre-existence of company ethics;
- the quality of the company climate in the organisation;
- collaboration between the managers of the various functions;
- the identification of individuals whose illicit conduct may entail a responsibility for ILAPAK Italia pursuant to It. Decree 231/01, including Top Management, subject to the management of others and third parties (professionals, consultants, service providers) with which the Company interacts;
- communication between management and workers;
- the degree of separation of functions;
- the evolution of jurisprudence and doctrine;
- the considerations deriving from the Model application experience over the years;
- the practice of Italian companies in relation to the management and drafting of organisational models ("*best practices*");

MAPPING OF THE SO CALLED "AREAS EXPOSED TO THE RISK OF CRIME" AND ANALYSIS OF POTENTIAL RISKS

The first phase of activity consisted in identifying the functional areas of the Company in which there was the potential "risk" of committing crimes pursuant to the Decree (so called "**Areas exposed to the Risk of Crime**" or simply "**Areas of Risk**"). In this context, in each of these "areas" the specific "**Activities exposed to the Risk of Crime**" have been identified and for each of these the possible methods for carrying out the crimes have been identified.

Among the Activities exposed to the Risk of Crime both those directly at risk of committing crimes were identified, and the "instrumental" ones, meaning activities that - although not directly relevant under the Decree - could, in principle, be configured as conditions, occasions or means for the commission of crimes.

The process of identifying risks and assessing the areas most exposed to the commission of crimes was conducted with risk-based approach, i.e, taking into account the inherent or potential risk of commission of the Crimes (i.e. the risk assumed when the Company has not yet changed the probability and impact of an event). The "inherent risk" level was measured considering both the probability of the crime being committed and the impact of that event, determined taking into account factors such as the type and extent of sanctions (pecuniary or disqualification) imposed on the Company, frequency and recurrence of the activities at risk, nature and volume of the transactions involved, the specific procedures for carrying out the activities, and the history of the entity and the peculiarities of the reference sector.

The existence (and consistency) of the "inherent risk" was assessed by applying the following matrix:

		Frequency of the activity			
		One off	Quarterly	Reoccurring	Daily
Impact	Moderate	1	2	3	4
	Average	2	4	6	8
	Serious	3	6	9	12

We then classified the "inherent risk" with reference to the Activities exposed to the Risk of Crime, applying the following scale of severity and relevance:

- Low Risk ("B"): score from 1 to 2
- Medium risk ("M"): score 3 to 5.
- High Risk ("A"): score from 6 to 12

RISK ASSESSMENT - EVALUATION OF THE INTERNAL CONTROL SYSTEM

Once the "inherent risk" (and its relevance) had been defined in the context of Sensitive Activities, the Company's current Internal Control System was assessed in order to establish its level of "adequacy", to reduce the risk to an "acceptable level"

The conceptual threshold of risk "acceptability" in intentional crimes cannot be expressed by referring to the mere ratio between costs and benefits as taught by corporate doctrine (for which a risk can be considered acceptable when the additional controls "cost" more than the resource to be protected). And indeed, as the Guidelines point out, the economic logic, in

the Crime Prevention System outlined in It. Decree 231/01, cannot be the only definition of an acceptable level of risk. The threshold of risk acceptability, rather, must be represented by the existence of a prevention system that cannot be bypassed unless that is fraudulently; stating that fraud does not necessarily require artifice and deception, but can also consist in the mere violation of requirements contained in the Model, or in a circumvention of the safety measures provided thereby. With reference to culpable crimes, and in particular to crimes committed with violation of the rules on occupational health and safety, the conceptual threshold of reliability must be defined in an even more rigorous manner. Since, also in consideration of the relevance of the assets protected, the occupational health and safety risks of workers must be completely eliminated or in any case reduced to a minimum as far as possible through adoption of the prevention measures available in relation to the knowledge acquired through technical progress.

Assessment of the Company's Internal Control System control and monitoring was based on checking existence of the following criteria and requirements (as indicated by the Guidelines):

- i) existence and formalisation of written and manual corporate procedures;
- ii) definition of roles and responsibilities in the management of business processes;
- iii) compliance with the «segregation of duties» principle;
- iv) traceability of business processes;
- v) communication and training and effective knowledge of company procedures.

In relation to this verification activity - carried out also on the basis of documentation collected and evidence obtained during discussions with the management and staff of the Company - the Company's Control System has been considered (within the individual Activities exposed to the Risk of Crime):

- "**Adequate**", where it was considered that the system of preventive controls adopted by the Company is generally suitable to reduce the risk to an acceptable level (possibly requiring only some minor integration);
- "**Could be improved/to be updated**", where it was considered that the system of preventive controls adopted by the Company is not entirely suitable to reduce the risk to an acceptable level and it is therefore necessary to supplement/amend the existing processes;
- "**Inadequate/Non-existent**", where it was considered that the system of preventive controls adopted by the Company is not suitable to reduce the risk to an acceptable level and, therefore, it is necessary for the Company to adopt new and/or different controls and procedures from those in force immediately.

Assessment of the adequacy of the internal control system has therefore allowed us to determine - again with regard to each Sensitive Activity considered - the "residual risk", determined on the basis of the level of "inherent risk" and the effectiveness/adequacy of the

controls system adopted by the Company, on the basis of the following scale of severity and relevance:

- Low Risk ("B"): score between 4 and 29
- Medium risk ("M"): score between 30 and 60
- High Risk ("A"): score equal to or greater than 61

Following mapping of the Risk Areas and the Activities exposed to the Risk of Crime and, in general, of the risk assessment, a report was shared by management - filed in the Company records - where evidence was given of the different phases in which the risk assessment was structured, namely:

- I. the audit, within the Risk Areas and with reference to the specific Activities exposed to the Risk of Crime, of the preventive control systems (i.e. formalized procedures, operating practices, segregation systems, financial resource management systems, etc.) possibly existing in the company and in assessing their suitability to ensure that the risks of commission of crimes are traced back to an "acceptable level" ("**as is analysis**");
- II. identification, within the existing control system, of any shortcomings or criticalities and the consequent corrective actions necessary to improve this system ("**gap analysis**").

The mapping of Areas exposed to the Risk of Crime and Sensitive Activities, and in general risk assessment, have allowed us to confirm that ILPAK Italia standardises its procedures (and in general its own Internal Control System) to protect Areas exposed to the Risk of Crime, to the general principles characterising an efficient internal control system indicated above (to be understood as general protocols), namely:

- "Proceduralisation" of Activities exposed to the risk of crime, in order to
 - i. ensure that the exercise of corporate activities takes place in compliance with the laws and regulations in force and with a general view to protect the integrity of corporate assets;
 - ii. define and regulate the methods and timing of the activities;
 - iii. guarantee, where necessary, "standardisation" of decision-making processes and limit business decisions based on subjective choices;
- clear and formal assignment of powers and responsibilities, with explicit indication of the operation limits and in line with the tasks assigned and the positions held within the organisational structure.

- separation of tasks, through a correct distribution of responsibilities and the provision of adequate authorisation levels, in order to avoid functional overlaps or operational allocations that concentrate critical activities on a single subject;
- adoption of tools to ensure the traceability of records, operations and transactions through adequate documentary support that certifies the characteristics and motivations of the transaction and identifies the various parties involved in the operation (authorisation, execution, registration, verification of the operation);

- implementation of information and training activities for workers on existing formalised procedures, including during amendments/supplements, in order to ensure their proper knowledge and concrete implementation
- establishment, execution and documentation of control and supervision activities on processes and Activities exposed to the risk of crime;
- existence of security mechanisms that guarantee adequate protection of information from physical or logical access to data and tools of the company information system, in particular with regard to management and accounting systems.

5. INFORMATION AND TRAINING OF MODEL RECIPIENTS

The Company, aware of the importance of training and information as a protocol of primary importance, works to ensure that Model Recipients are aware of both the content of the Decree and obligations deriving from the same and the Model itself.

To implement the Model, the personnel information, training and awareness-raising activities are managed by the competent corporate function in close coordination with the Supervisory Body and with the managers of the other company departments involved in applying the Model.

The information, training and awareness-raising activities concern all subjects operating in the Company, including Top Management.

Information and training activities are planned and carried out at the time of employment or at the beginning of the relationship, and at the time of changes in the employee's function, or changes to the Model or additional factual or legal circumstances cause the need to guarantee correct application of provisions set forth in the Decree.

In particular, following the approval and updating of this document, the following is envisaged:

- an initial communication to all personnel regarding the adoption of this document;
- subsequently, the new recruits are given information containing (in addition to material indicated by further company policies or procedures, such as privacy and information security, hygiene and safety at work) this document "Organisational, Management and Control Model pursuant to It. Legislative Decree 231/2001 "with express reference, as regards consultation of the Special Section, to consultation on the Company's intranet site, as well as the Code of Ethics, with which to ensure them knowledge considered of primary importance;
- Employees must sign a specific form to accept the contents of the documents delivered to them and read the text of It. Legislative Decree 231/2001 as published on the corporate intranet;
- specific and continuous training to be organised in classroom courses or to be provided through e-learning tools and services (with solutions that guarantee confirmation of the training).

Communication and training actions must also concern instruments such as authorisation powers, lines of hierarchical dependence, procedures, information flows and everything that contributes to transparency in daily operations.

All communication and training actions originate from the will of the Board of Directors, which calls for maximum participation and attention to the recipients of these actions.

In order to guarantee effective dissemination of the Model and the information for Personnel with reference to the contents of It. Decree 231/01 and the obligations deriving from the implementation thereof, a specific area of the company IT network dedicated to the subject must be prepared (in which in addition to the documents that make up the information set described above, the forms and tools for reporting to the Supervisory Board and any other relevant documentation are present and available).

6. INFORMATION TO THIRD PARTIES

Collaborators, Suppliers, Consultants and Partners of the Company, with particular reference to subjects involved in the provision of activities, supplies or services that affect Sensitive

Activities, are informed about adoption of the Model and the Company need for their behaviour to comply with the principles of conduct established therein.

These Recipients, in particular Suppliers and Consultants, are provided with specific information on the policies and procedures adopted by the Company on the basis of the Model by the corporate departments who have institutional contacts with them. They are also informed of the consequences that behaviour contrary to Model provisions or current regulations may have with regard to contractual relations.

Where possible, specific clauses governing these consequences are included in contractual text, such as express termination clauses and/or withdrawal rights in the event of conduct contrary to Model provisions.

7. DISCIPLINARY AND SANCTIONING SYSTEM

Conditions needed to guarantee Model effectiveness are the definition of a system of sanctions commensurate with the violation of procedural protocols and/or of further rules of the Model. In fact, this system constitutes, pursuant to art. 6, paragraph 1, letter e) of It. Legislative Decree 231/2001, an essential requirement for the purposes of the exemption from Company responsibility. The sanctioning system must provide for penalties for each Recipient, in consideration of the different type of relationship. The system, like the Model, is aimed at Top Managers, all Employees, Collaborators and third parties working on behalf of the Company, providing adequate disciplinary sanctions in some cases and contractual/negotiating in the others.

In the light of the foregoing, ILAPAK Italia has prepared its own "disciplinary and sanctioning system" attached hereto as annex "B".

8. SUPERVISORY BODY

APPOINTMENT AND TERM OF OFFICE

In order to implement the Model in concrete terms, the task of supervising the functioning and observance of the Model and of ensuring its updating must be entrusted to a body with independent powers of initiative and control. The Board of Directors of ILAPAK Italia therefore establishes the Supervisory Body as per the SB Bylaws (Annex "C").

DUTIES

The Supervisory Body has the following attributions:

- monitor the effectiveness of the Model by verifying the consistency between actual behaviour and what is envisaged by the Model and by monitoring the areas exposed to the risk of crime identified in the special sections. In order to comply with these duties, the Body can establish control activities at each operational level, providing itself with the instruments needed to promptly report Model anomalies and malfunctions, verifying the control procedures. Each operation deemed to be at specific risk must be reported to the Body by internal managers. Making it possible, at any time, to carry out checks that describe the characteristics and purposes of the operation and identify who authorised, recorded and verified the operation. The Body will have to initiate the control procedures considering the need for company operations and the fact that the primary responsibility for the management of activities is in any case delegated to the managers of the Departments and/or to top management and to the corporate bodies appointed for this purpose.
- Periodically check Model adequacy, i.e. the suitability to prevent behaviour that it intends to exclude and counteract, maintenance over time of the solidity and functionality requirements thereof, through constant monitoring of the control system, protocols and governance as a whole.
- To propose to the Board of Directors that the Model be updated if checks carried out make corrections and adjustments necessary. In particular, the Body must:
 - ascertain that the Model is kept up-to-date in line with the law, as well as changes to the internal organisation and business activity;
 - collaborate in the preparation and integration of internal regulations (codes of conduct, operating instructions, protocols, control procedures, etc.) dedicated to risk prevention;
 - promote initiatives to spread knowledge among ILAPAK Italia's bodies and employees of the Model, providing the necessary instructions and clarifications as well as collaborating with the Human Resources functions in charge of setting up specific training seminars;
 - arrange to coordinate itself with the other company functions for better control of activities and for everything required for implementation of the Model;
 - organise extraordinary audits and/or targeted investigations with the possibility of directly accessing the relevant documentation where the Model is dysfunctional or the commission of crimes being prevented has been verified.

COMPOSITION

The Decree states nothing regarding the composition of the Body, limiting itself to providing a synthetic definition of the same, understood as "*body of the entity endowed with autonomous powers of initiative and control*".

Pursuant to paragraph 4 bis of art. 6, Legislative Decree 231/01,³ in joint-stock companies the functions of the supervisory body can also be performed by the board of statutory auditors.

The Legislator refers all decisions regarding the composition of the Supervisory Body to the individual bodies that intend to comply with the provisions of the Decree, a choice that must be appropriate to the specific company business.

The doctrine and the practice have elaborated different and heterogeneous solutions regarding the possible architecture and composition of the Supervisory Body, also in consideration of the dimensional characteristics of the institution, the related rules of Corporate Governance and the need to achieve a fair balance between costs and benefits.

In this regard, the Board of Directors has analysed the solutions considered by the trade associations and their consultants, in order to identify and compare the various strengths with the possible critical aspects of the various solutions envisaged.

THE REQUIREMENT OF PROFESSIONALISM

Compliance with this requirement must be guaranteed by the personal experience of the individual members of the Body, who must be equipped with technical and specialist skills that ensure the timely, correct performance of the functions assigned by law to the Body.

In particular, the skills referred to can be identified as follows:

- criminal legal skills: ownership of the interpretation of the law with specific preparation in the analysis of the types of crime that can be identified in the context of company operations and in the identification of possible conduct that can be punished;

³ Paragraph added by paragraph 12 of the art. 14, lt. Law 12 November 2011, no. 183, applicable from 1 January 2012, pursuant to the provisions of paragraph 1 of article 36 of the same law 183/2011.

- skills in the organisation: specific preparation in the field of analysis of company organisational processes and analysis of procedures; knowledge of the general principles of compliance legislation and related controls;
- skills in analysis and control: experience in the field of internal control systems accrued in the company;
- competences regarding the control of financial flows.

THE REQUIREMENT OF INDEPENDENCE

If it only has one member, the requirement of the Supervisory Body's independence exists if there is no collaboration or consultancy assignments between the Body and the Company. If constituted in a collegial form, the requirement of independence is guaranteed if the Supervisory Body is composed mainly of external individuals who do not have ongoing collaboration or consultancy assignments with the Company. The internal member cannot be a director of ILAPAK Italia and, limited to the performance of the functions of a member of the Supervisory Body, is exempt from the ordinary lines of hierarchical dependence.

EFFECTIVENESS AND CONTINUITY OF ACTION

This requirement is necessary to ensure that the Body is fully aware of the company's activities, operating processes in progress and changes that may occur during the course of company life. The Body must meet collectively at least every two months, to complete control activities. Non-participation, without a justified reason, by a member at two meetings of the Supervisory Body during the financial year is considered a just cause of forfeiture of office.

REPORTING LINES

The Supervisory Body will be report to the Chairman of the Board of Directors. The Supervisory Body will send to the Board of Directors, unless there are specific needs, at least one annual report on the Organisational and Management Model, containing:

- their observations on Model effectiveness and efficiency, indicating the additions and/or changes deemed necessary;
- any recommendation to update the Model following the legislative changes that have occurred or in the corporate and organisational structure;
- a summary of controls made and of the corrective/preventive actions to be implemented.

The Supervisory Body may ask to be heard by the Board of Directors whenever it deems it necessary.

INFORMATION OBLIGATIONS TOWARDS THE SUPERVISORY BODY

Art. 6 provides that the Model adopted include information obligations towards the Supervisory Body. These obligations, for that part of company departments exposed to the risk of crime, will be implemented as a tool to facilitate supervisory activities and will cover the anomalies found within their own department.

Failure to comply with the obligation to provide information must be considered a specific disciplinary offence.

Information and reports should be sent to the Supervisory Committee at the following email address:

organismovigilanza.ilapakitalia@ima.it

Solely the Supervisory Committee has access to its email account. As such, the **Supervisory Committee is obliged to ensure the information and reports received as part of its activities are kept confidential**. The Supervisory Committee acts in such a way as to protect whistleblowers against any form of retaliation, discrimination, penalty or any other consequence, assuring them of their confidentiality and anonymity, notwithstanding legal obligations and the protection of the rights of the Company or of parties wrongly accused and/or accused in bad faith.

ILAPAK Italia, as personal data controller under EU Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 (hereafter "GDPR") and Leg. Dec. no. 196/2003, as amended by Leg. Dec. no. 101/2108 (hereafter "Privacy Code"), shall process the personal data acquired through information flows for the purposes associated with compliance with the obligations of Decree no. 231/01 and the Organisation Model. The data may be processed both in paper and electronic form. Data subjects, as identified under art. 4 no. 1) of GDPR, may exercise the rights recognised to them pursuant to art. 15 – 22 of GDPR, by contacting the data controller by email at privacy@ima.it or by registered letter to the Company's headquarters.

REPORTING OF WRONGDOING PURSUANT TO L. 179 OF 2017 ("WHISTLEBLOWING")

Law 30 November 2017 no. 179 on "Provisions for the protection of reporters of offences or wrongdoing witnessed at a public or private workplace" introduced, also in the private sector, so-called "*whistleblowing*", designed to govern the process of reporting wrongdoing by employees.

Art. 2 of said law amends art. 6 of Decree no. 231 adding paragraphs 2-bis, 2-ter and 2-quater, outlining the organisational measures and sanctioning mechanisms that the organisation model must set out in relation to the reporting of potential wrongdoing.

According to the legislation, companies with an organisation model are now required to integrate the whistleblowing system already provided for Recipients of the Model by preparing an alternative communication channel, specifically dedicated to the reporting of wrongdoing pursuant to Decree no. 231 and founded on precise and concordant information and breaches of the Organisation Model which the whistleblower witnesses while carrying out his/her duties at the Company. The law also sets out tools for protecting workers reporting potential wrongdoing which they have witnessed at their workplace.

In compliance with that envisaged in Article 6(2-bis) of Decree no. 231 and that laid down in the "Explanatory note" issued in January 2018 by Confindustria, the Company has identified the Supervisory Committee as the monitoring officer, who must:

- check that all communication channels are open and usable by all employees;
- receive and process the report;
- keep report contents confidential and private;
- interact with other Company departments, in compliance with confidentiality laws.

In order to be taken into consideration, reports must be circumstantiated, i.e. founded on precise and concordant information relating to the commission or suspected commission of Offences.

In order to be deemed circumstantiated, the following must be provided with each report:

- i. a clear and full description of the reported events;
- ii. an indication of the circumstantial time and place of the reported events;
- iii. details of the accused party, if known, or other elements suitable for identifying the accused party;
- iv. an indication of other parties that may confirm the reported events or add further essential information;
- v. documents that may strengthen and/or confirm the credibility of the reported events;
- vi. any other essential information and/or element that may prove useful.

Reports must be sent to the Supervisory Committee via one of the following channels:

- **registered** letter to the Supervisory Committee, based for the purposes of its office at ILAPAK Italia 's registered office. If reporting by post, "**Reserved – Confidential**" must be written on the sealed envelope;
- -mail to the confidential address managed by the Supervisory Committee (**whistleblowing-ima@ima-group.it**).

When making a report, the Whistleblower must provide his/her details or, in any event, elements that enable him/her to be identified.

Both channels have been created with the specific aim of guaranteeing the reporter's confidentiality; the e-mail box has been specially created outside of the Company's server circuit and is accessible solely by the Supervisory Committee.

ILAPAK Italia also has an internal protocol entitled "Reporting of wrongdoing", which outlines how ILAPAK Italia employees can report wrongdoing, informs personnel of how to use the reporting system correctly, and sets out the stages in the reporting process.

The Supervisory Committee acts in such a way as to protect whistleblowers against any form of retaliation, discrimination, penalty or any other consequence, assuring them of their confidentiality and anonymity, notwithstanding legal obligations and the protection of the rights of the Company or of parties wrongly accused and/or accused in bad faith.

Under art. 6(2-ter) of Decree no. 231, Recipients who breach measures to protect the whistleblower, or whistleblowers making reports with malice or misconduct later found to be unfounded, may be subject to the application of disciplinary sanctions, where applicable.

FINANCIAL AUTONOMY

In order to guarantee the necessary financial autonomy to the Supervisory Body, the Board of Directors approves the annual spending budget based on the simple request of the Supervisory Body.

The budget allocated must be sufficient to guarantee the control, auditing and Model updating activities, including, if necessary, acquiring consultancies. For expenses exceeding the budget established and for extraordinary expenses, the Body requests the Board of Directors, from time to time, in writing the authorisation for expenditure. The Board of Directors undertakes to confer, upon a motivated request by the Supervisory Body, the financial resources necessary to carry out its function in the best possible way.

SUPERVISORY BODY BYLAWS

The Board of Directors establishes and determines the operating principles of the Supervisory Body through a specific Bylaw (Annex "C").

The Supervisory Body may adopt an operating regulation that governs its activity, provided that this regulation does not conflict with the Model.

THE CHOICE MADE BY ILAPAK ITALIA S.P.A.

The Board of Directors of ILAPAK Italia, having carefully assessed the provision referred to in paragraph 12 of article 14, It. Law 183 of 12/11/2011, opted to adopt a single-subjective body composed of an external professional with previous specific experience in the sector, not coinciding with the members of the current Board of Statutory Auditors. This choice responds, among others, to the need to protect the Company thanks to the presence of separate and independent control bodies that guarantee, through specific technical skills and mutual control, the most correct, transparent pursuit of their respective objectives and responsibilities.

Lastly, the above option represents the best evaluation of the Supervisory Body's independence requirement under the crucial profile of the necessary distinction between controlling parties and controlled entities, also in view of a true, effective prevention of corporate crimes.

If the Supervisory Body deems it necessary, the Supervisory Body may be assisted in its activities by auxiliaries specialized in specific sectors.

9. PERIODIC CHECKS AND MODEL UPDATE

The Decree expressly provides for the need to update the Model in order to adapt it to the specific needs of the Company and its actual operations. The adaptation and/or updating of the Model must be carried out essentially following:

- regulatory innovations;
- violations of the Model and/or findings that emerged during control of the effectiveness of the same (which can also be inferred from experiences regarding other companies);
- changes to the organisational structure of the Company, also deriving from extraordinary financial transactions or changes in the business strategy deriving from new fields of activity undertaken.

In particular, updating of the Model and, therefore, its integration and/or modification, belongs to the same management body to which the legislator has delegated the burden of adopting the Model itself. In this context, the Supervisory Body, in coordination with the department managers involved from time to time, shall perform:

- verification of procedures and protocols. To this end, it will periodically check the effectiveness and implementation of the protocols and procedures of this Model;

Organisational, Management and Control Model
General Section

- verification of the level of knowledge of the Model also by analysing requests for clarifications or reports received;
- notification to the management body of the need for updating, where the above conditions are met (and in particular in the presence of substantial changes to the organisation or the company's business, to a high personnel turnover or in the event of additions or changes to the Decree) the Model and/or of the risk assessment activity aimed at revising the mapping of activities potentially at risk.

* * * * *



ILAPAK ITALIA S.p.A. **with single member**

Registered office in Foiano della Chiana (AR), Via Lama 11/13

ORGANISATION, **MANAGEMENT AND CONTROL MODEL**

under Legislative Decree no. 231 of 8 June 2001

on "Corporate Administrative Liability"

ANNEX "A" **PREDICATE OFFENCES LIST**

This Organisational, Management and Control Model ("Model") of ILAPAK Italia S.p.A. has been drafted and reviewed to implement the provisions of articles 6 and 7 of It. Legislative Decree 231/2001.

Model adoption was approved by the Board of Directors of the Company with a resolution dated 16 March 2021 and it will be progressively implemented by the Board itself and by the Supervisory Body.

The "Model" is a management reference tool prepared for the prevention of criminal offences envisaged by the aforementioned It. Legislative Decree, in compliance with the corporate ethical policy adopted by the Company.

This document is a draft prepared for the sole use of the directors and the board of directors and statutory auditors of Ilapak Italia S.p.A.. So that they can take view, in the context of the decision-making process for any adoption pursuant to It. Legislative Decree 231/2001.

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Foreword

The present list of offences includes the list of all predicate offences covered by Leg. Dec. no. 231 of 8 June 2001, on "*Rules laying down the administrative liability of legal persons, companies and associations, including those without legal status, under art. 11 of law no. 300 of 29 September 2000*", and implements all the legislative changes occurred in ensuing years, including those introduced with Leg. Dec. no. 184 of 8 November 2021 and with Leg. Dec. no. 195 of 8 November 2021, published in Official Journal on 29 November 2021.

MISAPPROPRIATION OF FUNDS, FRAUD AGAINST THE STATE OR A PUBLIC BODY OR TO OBTAIN PUBLIC FUNDS AND COMPUTER FRAUD AGAINST THE STATE OR A PUBLIC BODY (ART. 24):

- Unlawful receipt of contributions, financing or other disbursements by the State or other public body (art. 316-*ter* Italian Criminal Code);
- Embezzlement from the State or other public entity (Article 316-*bis* Italian Criminal Code);
- Fraud against the State or other public entity (Article 640(2), no. 1 Italian Criminal Code);
- Aggravated fraud for the obtainment of public funds (art. 640-*bis* Italian Criminal Code);
- Computer fraud to the detriment of the State or other public entity (Article 640-*ter* Italian Criminal Code).¹;
- Fraud in public supplies (art. 356 Italian Criminal Code);
- Fraud against the European Agricultural Fund (art. 2 L. 23/12/1986, no. 898).

COMPUTER CRIMES AND UNLAWFUL DATA PROCESSING (ART. 24 BIS)²:

- Unauthorized access to a computer or telematic system (art. 615-*ter* Italian Criminal Code);
- Detention and unfair distribution of access codes to computer or telematic systems (art. 615-*quater* Italian Criminal Code);
- Broadcast equipment, devices or computer programs designed to damage or disrupt a computer or telematic system (art. 615-*quinquies* Italian Criminal Code);
- Interception, hindrance or illicit interruption of computer or telematic communications (art. 617-*quater* Italian Criminal Code);

¹ Article added from Leg. Dec. no. 184 of 8 November 2021.

² Article added from art. 7 of Law 18.03.2008 no. 48.

- Installation of equipment designed to intercept, hinder or interrupt computer or telematic communications (617-*quinquies* Italian Criminal Code);
- Damage to information, data and computer programs (art. 635-*bis* Italian Criminal Code);
- Corruption of information, data and computer programs used by governments or other public entities or in any case of public convenience (art. 635-*ter* Italian Criminal Code);
- Damage to computer or telematic systems (art. 635-*quater* Italian Criminal Code);
- Damage to computer or telematic systems of public utility (art. 635-*quinquies* Italian Criminal Code);
- Computer fraud by the provider of electronic signature certification services (art. 640-*quinquies* Italian Criminal Code).
- Urgent provisions on national cyber security perimeter and regulation of special powers in sectors of strategic importance (art. 1(11), Leg. Dec. no. 105/2019).

Law 18 March 2008 no. 48 further extended the range of so-called "predicate" offences, providing under art. 24-*bis* the hypotheses of forgery of records regarding computer documents according to the notion offered by art. 491 *bis* of the Italian Criminal Code, and therefore re-including the following offences:

- art. 476 Italian Criminal Code (Material forgery committed by the public official in official records);
- art. 477 Italian Criminal Code (Material forgery committed by the public official in certificates or administrative authorisations);
- art. 478 Italian Criminal Code (Material forgery committed by the public official in authentic copies of public or private records and in statements of content of records);
- art. 479 Italian Criminal Code (Ideological forgery committed by the public official in official records);
- art. 480 Italian Criminal Code (Material forgery committed by the public official in certificates or administrative authorisations);
- art. 481 Italian Criminal Code (Ideological forgery in certificates committed by persons providing a public service);
- art. 482 Italian Criminal Code (Material forgery committed by a private individual);
- art. 483 Italian Criminal Code (Ideological forgery committed by a private individual in an official record);
- art. 484 Italian Criminal Code (Forgery of records and notifications);
- art. 487 (Misuse of document signed in blank. Public act);

- art. 488 (Other misuse of document signed in blank. Applicability of provisions on material forgery);
- art. 489 (Use of forged record);
- art. 490 (Suppression, destruction and concealment of genuine records).

ORGANISED CRIME OFFENCES (ART. 24 TER)³:

- Criminal association (art. 416 Italian Criminal Code);
- Criminal association aimed at forcing or keeping persons in slavery, human trafficking, purchase and sale of slaves and offences relating to violations of the guidelines on unlawful immigration pursuant to art. 12 Leg. Dec. no. 286/1998 (art. 416(6) Italian Criminal Code);
- Mafia-type association (art. 416-*bis* Italian Criminal Code);
- Political-mafia electoral exchange (art. 416-*ter* Italian Criminal Code);
- Kidnapping for extortion (art. 630 Italian Criminal Code);
- Association aimed at illicit trafficking in narcotic drugs or psychotropic substances (art. 74 Presidential Dec. no. 309 of 9 October 1990);
- Illegal manufacture, introduction into the State, sale, transfer, possession and carrying in a public place or place open to the public of weapons of war or war-like weapons or parts thereof, explosives, clandestine weapons as well as more common firearms ⁴ (*) (art. 407(2), lett. a), number 5), Italian Criminal Code).

CRIMES OF BRIBERY, UNLAWFUL INCITEMENT TO GIVE OR PROMISE BENEFITS AND CORRUPTION (ART. 25):

- Corruption in the exercise of the function (art. 318 and 321 Italian Criminal Code);
- Incitement to bribery (art. 322 Italian Criminal Code);
- Corruption for an act contrary to official duties (art. 319 Italian Criminal Code – 322-*bis*);
- Corruption of public service personnel (art. 320 Italian Criminal Code)
- Corruption in judicial acts (art. 319-*ter* Italian Criminal Code);
- Unlawful incitement to give or promise benefits (art. 319-*quater* Italian Criminal Code);
- Bribery (art. 317 Italian Criminal Code)

³ Article added from L. 15 July 2009, no. 94, art. 2(29).

⁴ Excluding those called "indoor range" or gas guns, and compressed air or compressed gas guns, both long and short whose bullets dispense kinetic energy over 7.5 joules, and rocket launcher instruments, barring weapons used for fishing or weapons and instruments for which the "Central consultative commission for weapons control" excludes, in relative to the respective characteristics, the aptitude to threaten a person.

- Unlawful influence (art. 346-*bis* Italian Criminal Code)⁵;
- Embezzlement (limited to first paragraph) (art. 314 Italian Criminal Code);
- Embezzlement through profit from the error of others (art. 316 Italian Criminal Code);
- Abuse of office (art. 323 Italian Criminal Code).

COUNTERFEITING MONEY, PUBLIC CREDIT PAPERS, REVENUE STAMPS AND TOOLS OR IDENTIFYING MARKS (ART. 25 BIS)⁶:

- Counterfeiting, spend and introduction in the State, following consultation, of counterfeit money (art. 453 Italian Criminal Code);
- Alteration of coins (art. 454 Italian Criminal Code);
- Spending and introduction in the State, without concert, of counterfeit money (art. 455 Italian Criminal Code);
- Spending of counterfeit money received in good faith (art. 457 Italian Criminal Code);
- Counterfeit watermarked paper used for the manufacture of public credit or revenue stamps (art. 460 Italian Criminal Code);
- Manufacture or possession of watermarks or instruments for counterfeiting of coins, revenue stamps or paper filigree (art. 461 Italian Criminal Code);
- Use of counterfeited or altered revenue stamps (art. 464 Italian Criminal Code);
- Falsification of revenue stamps, introduced in the State, purchase, possession or circulation of counterfeit revenue stamps (art. 459 Italian Criminal Code);
- Forgery, alteration or use of trademarks or patents, designs and drawings (art. 473 Italian Criminal Code);
- Introduction in the State and the marketing of products with false signs (art. 474 Italian Criminal Code).

➤ **CRIMES AGAINST INDUSTRY AND COMMERCE (ART. 25-BIS.1.)⁷:**

- Obstructing of industry or commerce (art. 513 Italian Criminal Code);
- Fraudulent trading (art. 515 Italian Criminal Code);
- Sale of non-genuine foodstuffs as genuine (art. 516 Italian Criminal Code);
- Sale of industrial products with misleading signs (art. 517 Italian Criminal Code);

⁵ Introduced as a predicate offence under art. 1(9), lett. b), no. 1), L. 9 January 2019, no. 3.

⁶ Article added from art. 6 Leg. Dec. no. 350 of 25 September 2001, amended in L. no. 409 of 23 November 2001.

⁷ Article added from Law no. 99 of 23 July 2009.

- Manufacture and sale of goods made by usurping industrial property (art. 517-ter Italian Criminal Code);
- Counterfeiting of geographical signs or designations of origin of agri-food products (art. 517-*quater* Italian Criminal Code);
- Illegal competition with threats or violence" (art. 513-*bis* Italian Criminal Code);
- Fraud against national industries (art. 514).

CORPORATE OFFENCES (ART. 25 TER)⁸:

- False corporate communications (art. 2621 Italian Civil Code)⁹;
- Misdemeanours (art. 2621-*bis* Italian Civil Code)¹⁰;
- False corporate communications of listed companies (art. 2622 Italian Civil Code)¹¹;
- False statement in a prospectus (art. 2623 Italian Criminal Code, paragraphs 1 and 2), repealed by L.262 of 28-12-2005;
- False reporting or communications by the auditing company (art. 2624 Italian Criminal Code, paragraphs 1 and 2), repealed: Art. 37 Leg. Dec. no. 39 of 27 January 2010.
- Prevented control (art. 2625(2) Italian Civil code);
- Unlawful restitution of contributions (art. 2626 Italian Civil Code);
- Unlawful distribution of profits and reserves (art. 2627 Italian Civil Code);
- Illegal transactions involving shares or shares in the company or of the parent company (art. 2628 Italian Civil Code);
- Operations to the detriment of creditors (art. 2629 Italian Civil Code);
- Failure to disclose conflict of interest (art. 2629-*bis*), introduced by art. 31, no. 262 L. 28 of December 2005
- Fictitious capital making (art. 2632 Italian Civil Code);
- Unlawful distribution of corporate assets by the liquidators (art. 2633 Italian Civil Code);
- Unlawful influence over Assembly (art. 2636 Italian Civil Code);
- Insider trading (art. 2637 Italian Civil Code);
- Hindrance to the supervisory functions of public authorities (art. 2638(1,2) Italian Civil Code);
- Corruption between private individuals (art. 2635(3) Italian Civil Code¹²);

⁸ Added article from art. 3 Leg. Dec. no. 61 of 11 April 2002 as last amended with L. no. 69/2015.

⁹ Article replaced by L. no. 69/2015, in force since 14 June 2015.

¹⁰ Article added from art. 10(1), L. 27 May 2015, no. 69, in force since 14 June 2015.

¹¹ Article replaced by L. no. 69/2015, in force since 14 June 2015.

¹² Paragraph replaced by art. 3(1), lett. b), Leg. Dec. no. 38 of 15 March 2017, starting from 14 April 2017.

- Incitement to corruption between private individuals (art. 2635-*bis* (1), Italian Civil Code)¹³
- Failure to disclose conflict of interest (art. 2629-*bis* (Italian Criminal Code));

OFFENCES WITH THE PURPOSE OF TERRORISM OR SUBVERSION OF DEMOCRACY (ART. 25 QUATER):

Art. 3 law 14 January 2003 no. 7 (ratification and execution of the International Convention for the Suppression of the Financing of Terrorism and adaptation of national regulations) added art. 25-*quater* to Leg. Dec. no. 231, which also extended the administrative liability of entities to "offences with the purpose of terrorism or subversion of democracy, provided for under the criminal code and special laws", and to crimes "that are committed in violation of that laid down in article 2 of the International Convention for the Suppression of the Financing of Terrorism signed in New York on 9 December 1999".

PRACTICE OF FEMALE GENITAL MUTILATION (ART. 25 QUATER -1)¹⁴:

Law 9 January 2006 no. 7 introduced art. 25-*quater* I, envisaging the entity's liability for the hypothesis envisaged in art. 583 bis of the Italian Criminal Code (*Practice of female genital mutilation*).

CRIMES AGAINST THE INDIVIDUAL PERSONALITY (ART. 25 QUINQUIES)¹⁵:

- Forcing or keeping in slavery or servitude (art. 600 Italian Criminal Code);
- Child prostitution (art. 600-*bis* Italian Criminal Code);
- Child pornography (art. 600-*ter* Italian Criminal Code);
- Possession of pornographic material (art. 600-*quater* Italian Criminal Code);
- Tourism initiatives for the exploitation of child prostitution (art. 600-*quinquies* Italian Criminal Code);
- Trafficking in persons (art. 601 Italian Criminal Code);
- Purchase and sale of slaves (art. 602 Italian Criminal Code);
- Child grooming (art. 609-*undecies* Italian Criminal Code)¹⁶;
- Illegal intermediation and labour exploitation (art. 603-*bis* Italian Criminal Code)¹⁷

¹³ Article added from art. 4(1), Leg. Dec. no. 38 of 15 March 2017, starting from 14 April 2017.

¹⁴ Article added from art. 3 of Law no. 7 of 9 January 2006.

¹⁵ Article introduced with Law no. 228 of 11 August 2003, in force since 7 September 2003.

¹⁶ Article added from art. 3 of Leg. Dec. no. 39 of 4 March 2014.

¹⁷ Article introduced with Law no. 199/2016, in force since 4 November 2016.

MARKET ABUSE (ART. 25 SEXIES):

Law 18 April 2005, no. 62 introduced art. 25-*sexies* (*Market abuse*) to Leg. Dec. no. 231, envisaging the entity's liability in relation to insider dealing and market manipulation envisaged by part V, heading I bis, point II of the Consolidation Act under Leg. Dec. no. 58 of 24 February 1998 (art. 184 and 185).

MANSLAUGHTER OR SERIOUS OR CRITICAL INJURY COMMITTED IN VIOLATION OF THE RULES ON HEALTH AND SAFETY IN THE WORKPLACE (ART. 25 SEPTIES):

Law 3 August 2007, no. 123 introduced art. 25-*septies* (subsequently amended by art. 300 of Leg. Dec. no. 81 of 30 April 2008), which contemplates the case of Manslaughter or serious or critical injury (art. 589, 590 Italian Criminal Code), *committed in violation of the rules governing accident prevention and health and safety in the workplace*.

RECEIPT, LAUNDERING AND USE OF MONEY, PROPERTY OR BENEFITS OF UNLAWFUL ORIGIN (ART. 25 OCTIES):

Leg. Dec. no. 231 of 21 November 2007 envisaged, with the addition of art. 25-*octies* to Leg. Dec. no. 231 of 2001, the entity's liability also for the offences under articles:

- 648 Italian Criminal Code (Receipt);
- 648 bis Italian Criminal Code (Laundering);
- 648 ter Italian Criminal Code (Use of money, property or benefits of unlawful origin);
- 648-ter. 1 (self-laundering)¹⁸.

OFFENCES RELATING TO PAYMENT INSTRUMENTS OTHER THAN CASH (ART. 25 OCTIES.1):

Leg. Dec. no. 184 of 8 November 2021 envisaged, with the addition of art. 25-*octies* 1 to Leg. Dec. no. 231 of 2001, the entity's liability also for the offences under articles:

- 493-ter Italian Criminal Code (Misuse and falsification of credit and payment cards);
- 493-quater Italian Criminal Code (Possession and dissemination of equipment, devices and computer programs intended to commit offences relating to non-cash payment instruments);
- 640-ter Italian Criminal Code (Computer fraud against the State or other public body).¹⁹

¹⁸ Article added from Law no. 186 of 15 December 2014

¹⁹ Article added from Leg. Dec. no. 184 of 29 November 2021.

COPYRIGHT INFRINGEMENT OFFENCES (ART. 25-NOVIES)²⁰:

- Making available to the public a protected intellectual work, or part thereof, in a system of telematic networks through connections of any kind (art. 171, L. 633/1941 paragraph 1 lett. a) *bis*);
- Offences committed in the previous paragraph on others' works not intended for publication if it would hurt their honour or reputation (art. 171, Law no. 633/1941(3));
- Unauthorized duplication, for profit, of computer programs; import, distribution, sale or possession for commercial or business purposes or leased concession of programs in media not covered by SIAE; provision of means to remove or circumvent computer programs protection devices (art. 171-*bis* Law no. 633/1941(1));
- Reproduction, transfer to another medium, distribution, communication, presentation or display, in public, of the contents of a database; extraction or reuse of the database; distribution, sale or leased concession in databases (art. 171-*bis* Law no. 633/1941(2));
- Unauthorized duplication, reproduction, transmission or public dissemination by any means, in whole or in part, of intellectual works for the television or film circuits, sale or rental of records, tapes or similar media or any other media containing phonograms or videograms of similar musical, cinematographic or audiovisual works or sequences of moving images; literary, dramatic, scientific or educational, musical or dramatic musical and multimedia works, even if included in collective or composite works or databases; reproduction, duplication, transmission or unfair distribution, sale or trade, sale in any way or illegal import of more than fifty copies or copies of works protected by copyright and related rights; placing in a system of telematic networks, through connections of any kind, an intellectual work protected by copyright, or part thereof (art. 171-*ter* Law no. 633/1941);
- Failure to notify SIAE of the identification data of media not subject to marking or false declaration (art. 171-*septies* Law no. 633/1941);
- Fraudulent production, sale, import, promotion, installation, modification, public and private use of equipment or parts of equipment suitable for decoding conditional access audiovisual transmissions made by wireless, satellite, cable, in both analogue and digital (art. 171-*octies* Law no. 633/1941).

²⁰ Article added from Law no. 99 of 23 July 2009.

INDUCEMENT TO WITHHOLD STATEMENTS OR TO GIVE FALSE STATEMENTS TO THE LEGAL AUTHORITIES (ART. 25-DECIES)²¹:

- Inducement to withhold statements or to give false statements to the legal authorities (art. 377-*bis* Italian Criminal Code).

TRANSNATIONAL OFFENCES²²:

Definition of transnational offences:

Under this law, a transnational offence is considered as an offence punished by imprisonment of no less than a maximum of four years, if an organised criminal group is involved, and:

- a) is committed in more than one state;
- b) is committed in one state but a substantial part of its preparation, planning, direction or control took place in another state;
- c) is committed in one state but an organised criminal group active in criminal activities in more than one state was involved;
- d) or it is committed in one State but has substantial effects in another State.

Envisaged offences:

- Criminal association (art. 416 Italian Criminal Code);
- Mafia-type associations, including foreign associations (art. 416-*bis* Criminal Code);
- Inducement to withhold statements or to give false statements to the legal authorities (art. 377-*bis* Italian Criminal Code);
- Aiding and abetting an offender (art. 378 Italian Criminal Code);
- Criminal conspiracy to smuggle foreign processed tobacco (art. 291-*quater* Presidential Decree 43/73);
- Conspiracy related to the illegal trafficking of narcotics or psychotropic substances (art. 74 Presidential Decree 309/1990);
- Provisions against unlawful immigration (art. 12 Legislative Decree no. 286/98).

²¹ This article was added from art. 4 L. no. 116 of 3 August 2009, as article 25-*novies*, not taking into account the addition of article 25-*novies* from art. 15(7), letter c) of L. no. 99 of 23 July 1999. As such it has been renumbered article 25 decies.

²² Law no. 146 of 16 March 2006, which extends the liability of entities to so-called transnational offences.

ENVIRONMENTAL OFFENCES (ART. 25-UNDECIES) ²³:

- The killing, destruction, removal or possession of protected plant or animal species (art. 727-*bis*, Italian Criminal Code);
- The destruction or damaging of protected habitats (art. 733-*bis*, Italian Criminal Code);
- Discharge of industrial waste water containing hazardous substances (various cases as provided for under article 137, Leg. Dec. no. 152/2006);
- Handling of unauthorised waste (various cases as provided for under article 256, Leg. Dec. no. 152/2006);
- Pollution of the soil, subsoil, surface or groundwater and exceeding of the threshold risk concentrations (art. 257 Leg. Dec. no. 152/2006);
- Violation of obligations of disclosure, keeping of mandatory records and registers on waste traceability (art. 258 Leg. Dec. no. 152/2006);
- Illegal trafficking of waste (art. 259 Leg. Dec. no. 152/2006);
- Organised activities for the illegal trafficking of waste (art. 452-*quaterdecies* Italian Criminal Code).²⁴;
- Falsification and keeping of false SISTRI records (art. 260-*bis*, Leg. Dec. no. 152/2006), repealed²⁵;
- Atmospheric emissions exceeding limit values or in breach of regulations (art. 279, Leg. Dec. no. 152/2006);
- The holding, importing/exporting or re-exporting without authorisation or with false authorisation of endangered plant or animal species (Law no. 150/1992);
- Production, consumption, import, export, holding and sale of substances harmful to the ozone layer and the environment (Law no. 549/1993);
- Ship-source pollution (Leg. Dec. no. 202/2007);

²³ Article added from Leg. Dec. no. 121, of 7 July 2011, under the name of: "Implementation of directive 2008/99/EC on the protection of the environment, and of directive 2009/123/EC, which amends directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements". Published in OJ no. 177, of 1 August 2011, in effect since 16.08.2011 and last amended under Law no. 68/2015.

²⁴ Following the repeal of art. 260 Leg. Dec. no. 152/2006, in accordance with that laid down in art. 8(1) Leg. Dec. no. 21 of 1 March 2018, since 6 April 2018 references to the provisions of this article, wherever present, are understood as referring to art. 452-*quaterdecies* of the Italian Criminal Code.

²⁵ Repealed following repeal of article 36 of Legislative Decree 3 December 2010 no. 205 set out under article 6(2) of Decree Law 14 December 2018 no. 135, as amended by the annex to the conversion law 11 February 2019 no. 12, in effect from 1 January 2019.

- Environmental pollution (art. 452-*bis* Italian Criminal Code)²⁶;
- Environmental disaster (art. 452-*quater* Italian Criminal Code)²⁷;
- Negligent offences against the environment (art. 452-*quinquies* Italian Criminal Code)²⁸;
- Transportation and dumping of highly radioactive material (art. 452-*sexies* Italian Criminal Code)²⁹
- Aggravating circumstances (art. 452-*octies* Italian Criminal Code)³⁰;

EMPLOYMENT OF THIRD-COUNTRY NATIONALS WITH IRREGULAR PERMIT OF STAY: (ART. 25-DUODECIES)³¹:

- Employment of third-country nationals with irregular permit of stay (art. 22, paragraph 12-bis, Leg. Dec. no. 286 of 25 July 1998).
- Assisting unlawful immigration (art. 12, paragraphs 3, 3-bis, 3-ter, 5, Leg. Dec. no. 286 of 25 July 1998)³².

RACISM AND XENOPHOBIA (ART. 25-TERDECIES)³³:

- Propaganda and incitement for reasons of racial, ethnic and religious discrimination (art. 604 bis Italian Criminal Code).

FRAUD IN SPORTS COMPETITIONS, ILLEGAL GAMBLING OR BETTING CARRIED OUT USING BANNED EQUIPMENT (ART. 25-QUATERDECIES)³⁴:

²⁶ Heading VI-bis, including art. 452-*bis* to 452-*terdecies*, was added from art. 1(1), Law 22 May 2015, no. 68, in effect from 29 May 2015, pursuant to that provided for under art. 3(1) of the same Law no. 68/2015.

²⁷ Article added from art. 1(1), L. 22 May 2015, no. 68, starting from 29 May 2015, pursuant to that provided for under art. 3(1) of the same L. no. 68/2015;

²⁸ Article added from art. 1(1), L. 22 May 2015, no. 68, starting from 29 May 2015, pursuant to that provided for under art. 3(1) of the same L. no. 68/2015;

²⁹ Article added from art. 1(1), L. 22 May 2015, no. 68, starting from 29 May 2015, pursuant to that provided for under art. 3(1) of the same L. no. 68/2015;

³⁰ Article added from art. 1(1), L. 22 May 2015, no. 68, starting from 29 May 2015, pursuant to that provided for under art. 3(1) of the same L. no. 68/2015;

³¹ Article added from Leg. Dec. no. 109/2012, published in OJ no. 172 of 25 July 2012 and entered into force on 9 August 2012.

³² Article added from L. no. 161 of 17 October 2017, published in OJ no. 258 of 4 November 2017 and entered into force on 19 November 2017.

³³ Article added from art. 5(2), L. no. 167 of 20 November 2017, published in OJ no. 277 of 27 November 2017 and in force since 12 December 2017; following the repeal of art. 3 Leg. Dec. no. 654/1975, in accordance with that laid down in art. 8(1) Leg. Dec. no. 21 of 1 March 2018, since 6 April 2018 references to the provisions of the aforesaid article, wherever present, are understood as referring to art. 604-bis of the Italian Criminal Code.

³⁴ Article added from art. 5, Law 3 May 2019, no. 39 ratifying and implementing the Council of Europe Convention on the Manipulation of Sports Competitions, signed in Magglingen on 18 September 2014, published in Official Journal General Series no. 113 of 16.5.2019, in force from 17.5.2019.

- Fraud offences in sports competitions, illegal gambling or betting carried out using banned equipment (offences under articles 1 and 4 of law 13 December 1989, no. 401).

TAX OFFENCES (ART. 25-QUINQUIESDECIES)³⁵:

- Fraudulent declaration through the use of invoices or other documents for non-existent operations (art. 2, paragraph 1 and paragraph 2 bis of Legislative Decree no. 74 of 10 March 2000);
- Fraudulent declaration by other devices (art. 3 Leg. Dec. no. 74 of 10 March 2000);
- Issue of invoices or other documents for non-existent operations (art. 8, paragraph 1 and paragraph 2 bis of Legislative Decree no. 74 of 10 March 2000);
- Concealment or destruction of accounting documents (art. 10 Leg. Dec. no. 74 of 10 March 2000);
- Fraudulent withholding of taxes (art. 11 Leg. Dec. no. 74 of 10 March 2000).
- False declaration (art. 4 of Leg. Dec. no. 74 of 10 March 2000).

SMUGGLING (ART. 25-SEXIEDECIES):

- Smuggling in the movement of goods across land borders and customs spaces (art. 282 Presidential Dec. no. 73/1943);
- Smuggling in the movement of goods across border lakes (art. 283 Presidential Dec. no. 73/1943);
- Smuggling in the movement of goods by sea (art. 284 Presidential Dec. no. 73/1943);
- Smuggling in the movement of goods by air (art. 285 Presidential Dec. no. 73/1943);
- Smuggling in non-customs areas (art. 286 Presidential Dec. no. 73/1943);
- Smuggling for improper use of goods imported with customs facilities (art. 287 Presidential Dec. no. 73/1943);
- Smuggling in customs warehouses (art. 288 Presidential Dec. no. 73/1943);
- Smuggling in cabotage and in circulation (art. 289 Presidential Dec. no. 73/1943);
- Smuggling in the export of goods eligible for duty drawback (art. 290 Presidential Dec. no. 73/1943);
- Smuggling in temporary import or export (art. 291 Presidential Dec. no. 73/1943);

³⁵ Article added from art. 39(2), Leg. Dec. no. 124 of 26 October 2019; the standard, pursuant to art. 39(3), of the same Leg. Dec. no. 124/2019 took effect on 25 December 2019 (the day after 24 December 2015, publication date in Official Journal, General Series, no. 301 of conversion law no. 157 of 19 December 2019 "Conversion into law, with amendments, of Decree-Law no. 124 of 26 October 2019, setting forth urgent provisions on fiscal matters and for unavoidable requirements").

- Smuggling foreign tobacco products (art. 291-*bis* Presidential Dec. no. 73/1943);
- Aggravating circumstances of smuggling foreign tobacco products (art. 291-*ter* Presidential Dec. no. 73/1943);
- Criminal association for the purpose of smuggling foreign tobacco products (art. 291-*quater* Presidential Dec. no. 73/1943);
- Other cases of smuggling (art. 292 Presidential Dec. no. 73/1943);
- Aggravating circumstances of smuggling (art. 295 Presidential Dec. no. 73/1943).

OFFENCES AGAINST CULTURAL HERITAGE (ART. 25-SEPTIEDECIES):

- art. 518 bis Italian Criminal Code (Theft of cultural goods);
- art. 518 bis Italian Criminal Code (Misappropriation of cultural goods);
- art. 518 novies Italian Criminal Code (Offences related to cultural property disposals);
- art. 518 decies Italian Criminal Code (Illicit import of cultural goods);
- art. 518 undecies Italian Criminal Code (Illicit exit or export of cultural goods);
- art. 518 duodecies Italian Criminal Code (Destruction, dispersion, deterioration, disfigurement, fouling and unlawful use of cultural or landscape property);
- art. 518 quaterdecies Italian Criminal Code (Counterfeiting of works of art);
- art. 518 quarter Italian Criminal Code (Receiving of cultural goods);
- art. 518 octies Italian Criminal Code (Falsification in private writing relating to cultural goods);

RECYCLING OF CULTURAL GOODS AND DESTRUCTION AND LOOTING OF CULTURAL AND LANDSCAPE HERITAGE

- art. 518 sexies Italian Criminal Code (Recycling of cultural goods);
- art. 518 terdecies Italian Criminal Code (Destruction and looting of cultural and landscape heritage).

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Ilapak Italia S.p.A.

with single member

Registered office in Foiano della Chiana AR, Via Lama 11/13.

EAI number - AR 157775

Tax Code and VAT no. 10059400159

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL

pursuant to It. Legislative Decree 231 of 8 June 2001
concerning the "Administrative Liability of Companies"

General Section

Annex B

DISCIPLINARY AND SANCTIONING SYSTEM

This Organisational, Management and Control Model ("Model") of ILAPAK Italia S.p.A. has been drafted and reviewed to implement the provisions of articles 6 and 7 of It. Legislative Decree 231/2001.

Adoption of the Model was approved by the Board of Directors of the Company with a resolution dated 2 March 2018 and will be progressively implemented by the Board of Directors itself and by the Supervisory Body.

The "Model" is a management reference tool prepared for the prevention of criminal offences envisaged by the aforementioned It. Legislative Decree, in compliance with the corporate ethical policy adopted by the Company.

This document is a draft prepared for the sole use of the directors and the board of directors and statutory auditors of Ilapak Italia SpA. So that they can take view, in the context of the decision-making process for any adoption pursuant to It. Legislative Decree 231/2001.

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CONTENTS

1. INTRODUCTION - DEFINITIONS	3
2. SANCTIONS FOR EMPLOYEES AND EXECUTIVES	4
2.1 General principles and behaviour that can be sanctioned.....	4
2.2 Sanctions against employees (non-executives)	6
2.3 Sanctions against executives	7
2.4 Activities to verify violations and application of sanctions	8
3. MEASURES AGAINST DIRECTORS	9
4. MEASURES AGAINST STATUTORY AUDITORS	11
5. MEASURES AGAINST COLLABORATORS AND BUSINESS PARTNERS	11
6. THE ROLE OF SB SUPERVISION	12

1. INTRODUCTION - DEFINITIONS

The disciplinary and sanctioning system is an integral part of the Organisational Model of ILAPAK Italia SpA. The capitalized terms contained in this document will have the meaning attributed to them in the General Section of the Model (Glossary).

In compliance with the provisions of articles 6 and 7 of It. Decree 231/01, the Company has adopted the present system, in order to ensure compliance, effectiveness and implementation of the principles and rules of conduct contained in the Model, and has adopted this disciplinary and sanctioning system (hereafter "**Disciplinary System**") containing a set of rules that define the types of "sanctions" if provisions of the Model are violated by Employees, Collaborators, Suppliers, Directors, Top Managers and Parties subject to the management of others and/or any other person who has professional or commercial relations with the Company.

This Disciplinary System is to sanction the violation and non-observance of rules of behaviour and conduct that may lead to (or be instrumental in) the commission of Predicate Offences and/or the violation and non-compliance with corporate procedures, processes and policies in place to protect Areas exposed to the risk of crime. As already indicated in the definitions (see Paragraph "A" of the "General Section") the reference to the "Code of Ethics" contained in this document is therefore limited exclusively to those rules of conduct and behaviour (therein) whose violation and/or non-compliance can lead (or be instrumental) to the commission of a Predicate Offence.

The application of the "disciplinary sanctions" and the measures provided below, pursuant to the Decree, are independent of the outcome of any criminal proceedings against the author of the violation. As the rules of conduct imposed by the Model are adopted by the Company voluntarily in full autonomy, regardless of whether any conduct may constitute a crime or it be prosecuted by the judicial authority.

The Disciplinary System adopted by the Company, in order for the Model to be effective for the Company pursuant to art. 6, paragraph 2 of the Decree, is inspired by the principles of specificity and autonomy (to sanction any violation of the Model, regardless of the concrete commission of a crime) as well as proportionality (as penalties applicable must be commensurate with the alleged violations). Furthermore, this System provides for a procedure for the assessment and application of disciplinary sanctions compatible with laws in force concerning the protection of workers, and with the provisions contained in the National Collective Bargaining Agreement. The same is the subject of specific information through company information tools (i.e. bulletin board and company intranet) and training of workers.

2. SANCTIONS FOR EMPLOYEES AND EXECUTIVES

2.1 General principles and behaviour that can be sanctioned

Compliance, by employees (including executives) of the Company, with the provisions contained in the Model in the company protocols and in the procedures envisaged by the Model or referred to in the same, is a fundamental part of their contractual obligations pursuant to and for the effects of article 2104 of the It. Civil Code.

Violation of those provisions will entail a breach of the obligations deriving from the employment relationship by the employee and will entail application of sanctions and/or disciplinary measures, in compliance with the principle of graduality and proportionality, as well as the procedures prescribed by rules applicable as indicated below, with all legal consequences, also with regard to the preservation of employment and the obligation to compensate any damage caused.

The Disciplinary System is applied with a failure to comply with internal procedures, principles and policies (including orders given by the company both in written and verbal form) provided for or referred to in this Model, that is if they take place in certain behaviours that can be sanctioned (without prejudice to the consequences, even disciplinary consequences, deriving from violations of other obligations provided for by the law and/or by the National Collective Bargaining Agreement). In particular, the following constitute violations of the Model:

- behaviour that integrates, directly or indirectly, types of crimes envisaged by the Decree;
- behaviour that, although not integrating one of the crimes envisaged by the Decree, has the unequivocal purpose of committing them;
- failure to comply with the general principles of conduct, control principles and systems, preventive protocols, company procedures, internal regulations, written instructions, provisions envisaged or referred to by the Model, including, in particular, those envisaged or referred to by the Special Section A of the Model with reference to each category of crime;
- the lack of or untruthful evidence of the activity carried out in relation to the methods of documentation, conservation and control of activities in activities exposed to the risk of crime in order to prevent transparency and verifiability of the same;
- the violation and/or circumvention of the control system, implemented also by subtraction, destruction, alteration or omission of the documentation required by the procedures in force, or the impediment, to the persons in charge and to the Supervisory Body, to control or access requested information and documentation;

***.Organisational, Management and Control Model
Disciplinary and sanctioning system***

- failure to comply with provisions concerning the signatory powers and the delegation system;
- the lack of supervision by hierarchical superiors of their subordinates about the correct and effective application of company procedures;
- failure to comply with the reporting requirements vis-à-vis the Supervisory Body;
- the non-participation without justified reason in audits planned by the Supervisory Body;
- failure to participate without justified reason in the training events planned to implement the Organisational Model;
- the communication to the Supervisory Body, to the hierarchical superior or to another person who is obliged to report to the Supervisory Board about a report on some of the violations described above that the perpetrator knows to be false or malicious;
- the lack of information to the Supervisory Body and/or to the direct hierarchical superior regarding possible violations of the Model, of which there is direct and certain evidence;
- the lack of communication/training/updating to internal and external personnel operating in areas potentially at risk of committing a crime;
- in the field of health and safety at work, the failure of workers to comply with the obligations imposed on them by current legislation (including, in particular, art. 20 of It. Legislative Decree 81/2008), and for the other security players (i.e. Employer, Executives, Officers, RSPP, and for the other parties provided for by It. Legislative Decree 81/2008), failure to comply with the obligations imposed on them pursuant to It. Legislative Decree 81/2008.

The severity of Model violations will be assessed in relation to the following circumstances:

- the level of responsibility and autonomy of the author of the violation;
- the possible existence of previous situations of violation against the same;
- the presence and intensity of the intentional element;
- in relation to negligent conduct, the presence and degree of negligence, inexperience, imprudence in non-observance of the precautionary rule;
- the predictability of the consequences of conduct;
- the seriousness of behaviour, meaning the level of risk and the consequences to which the Company can reasonably be considered exposed, pursuant to and for the purposes of the Model, following the censored conduct;
- the times, the ways and the other circumstances in which the violation took place.

2.2 Sanctions against employees (non-executives)

The disciplinary measures applicable to non-executive employees - in compliance with the procedures set forth in art. 7 of the Workers' Statute and any applicable special regulations - are those envisaged by the National Collective Bargaining Agreement sanctioning device and precisely, indicated below in a perspective of increasing gravity:

- verbal warning;
- written warning;
- fine not higher than the amount of three hours of remuneration;
- suspension from work and retribution;
- dismissal with notice;
- dismissal without notice

By way of example, the following can be issued:

- a **verbal warning or written warning**, according to the seriousness of the violation, the worker who violates the rules of conduct and/or internal procedures envisaged or referred to in this Model in a non serious manner, does not execute the related orders issued by the Company, or the Areas exposed to the risk of crime, behaviour that does not comply with the provisions of the Model, the Code of Ethics or the rules of conduct and/or the procedures referred to therein, where the violations are not of a severe nature;
- **fine**, within the limits established by the National Collective Bargaining Agreement, the worker who commits violations referred to in the previous paragraph several times (but no more than three);
- **suspension from pay and work**, the worker who, in violating the rules of conduct and/or internal procedures envisaged or referred to by the Model, causes non-serious damage to the Company or exposes it to the risk of non-serious damage;
- **disciplinary dismissal with notice** in accordance with the regulations in force, the worker who commits the violations referred to in paragraph 1 more than three times, or adopts, in the Areas exposed to the Risk of Crime, conduct that does not comply with the provisions of this Model, or the rules of conduct and/or the procedures referred to therein and directed unambiguously to the accomplishment of one or more crimes envisaged by the Decree, or commits other violations of the provisions of this Model, or the rules of conduct and/or procedures referred to therein, of such severity as to not allow the continuation of employment, where the conditions referred to in paragraph 5 do not occur;

- **disciplinary dismissal for just cause, without notice**, the worker who adopts, in the Areas exposed to the Risk of Crime, behaviour clearly in violation of the provisions of this Model, or of the rules of conduct and/or procedures referred to therein, such as to be able to determine application for the Company of penalties provided for by the Decree or to cause other serious damage or risk of serious damage to the Company, or perform other acts or violations that do not allow continuation, even temporary, of employment.

These sanctions are imposed on the employee not only for actual violation of the rules of conduct and/or internal procedures provided for in this Model and for conduct that does not comply with the provisions of the same, but also for attempted disciplinary offences, i.e. or direct omissions unequivocally to disregard the behavioural rules dictated by this Model.

In terms of health and safety of workers, since the employee is also bound to comply with the main obligations under article 20 of It. Decree 81 of 2008, in a violation, the above sanctions are applied, also graded according to the risk of application of the measures of the Decree that this conduct has caused.

The sanction to be applied will be determined according to paragraph 2.4.

The foregoing, without prejudice to the right to request compensation for damages incurred as a result of such conduct, including damages caused by the application by the judge of measures provided for by the Decree.

2.3 Sanctions against executives

In a violation by the Company's executives of the provisions, rules of conduct and procedures contained in the Model, or the adoption, within the Areas exposed to the risk of crime, of behaviour that does not comply with Model provisions and qualifiable as "punishable", as explained in paragraph 2.1, the following sanctions will be taken against the perpetrators:

- written warning;
- dismissal with notice;
- dismissal without notice.

By way of example, the following can be incurred by the Executive:

- **written warning**, in case of non-serious violation of one or more procedural or behavioural rules provided for in the Model, the observance of which is a necessary condition for maintaining the fiduciary relationship with the Company, taking particular account of the responsibilities entrusted to the executive;

- **dismissal with notice**, pursuant to art. 2118 of the Civil Code and the rules of the applicable National Collective Bargaining Agreement, in case of serious violation of one or more Model provisions (i.e. procedural or behavioural rules contained therein), or of recurrence of one or more violations referred to in the preceding paragraph, that configure - following the appropriate, necessary checks by the Company - a significant non-fulfilment to be ascribed to the fault or malice of the executive;
- **dismissal without notice**, pursuant to art. 2119 of the Civil Code and the applicable National Collective Bargaining Agreement rules, where the violation of one or more Model provisions (i.e. the procedural or behavioural rules contained therein) is of such severity as to irreparably damage the relationship of trust, not allowing the continuation also provisional of employment.

The sanction to be applied will be based on paragraph 2.4.

However, the following forms a serious violation of the provision of the Model for individuals classified as executives:

- failure to comply with the obligation to manage or supervise employees regarding the correct, effective application of the Model;
- non-observance of the obligation to monitor the other recipients of the Model who, although not linked to the Company by an employment relationship, are in any case subject to the provisions of the Model itself (e.g. Collaborators, Suppliers, Consultants, etc.).

Without prejudice to the foregoing, the Company reserves the right to take action against the executive who has been subject to the foregoing measures for the payment of damages suffered and/or those that the Company is obliged to compensate to third parties.

2.4 Activities to verify violations and application of sanctions

Ascertainment of infringements, possibly reported by the Supervisory Body, the management of disciplinary proceedings and the infliction of sanctions, is the responsibility of the company departments appointed.

However, involvement of the Supervisory Body to ascertain infringements and the subsequent application of sanctions where these refer to the violation of the Model is always required. In this regard, no disciplinary action or a disciplinary sanction imposed following violation of the Model, can be closed without prior notice to the Supervisory Body, even if the proposal to open the procedure comes from the Supervisory Body.

Without prejudice to the provisions referred to in art. 7 of It. Law 300/1970 and the National Collective Bargaining Agreement applicable in the sanctioning procedure, which are herein fully referred to. The disciplinary sanctions and any request for compensation for damages will be commensurate with the level of responsibility and autonomy of the employee and/or executive, the possible existence of previous situations of violation against him/her, the intentionality of his/her behaviour and the gravity of the same, meaning the level of risk to which the Company can reasonably be considered exposed - pursuant to and for the effects of the Model - following the censored conduct. Furthermore, in order to assess the seriousness of conduct, the degree of negligence, inexperience or imprudence, the severity of any damage caused to the Company, as well as the harmful consequences that the conduct has caused to the Company and/or to the persons, from the point of view of the legislation on health and safety in the workplace and the existence of extenuating or aggravating circumstances.

The sanctions which can be imposed pursuant to the present System of sanctions comply with the provisions of the national collective contracts applicable to the sector, in this case, by the applicable National Collective Bargaining Agreement, in compliance with the procedural provisions of art. 7 of the It. Law 300 of 30 May 1970 (Workers' Statute) for the allegation of the crime and for the infliction of the relative sanction, assumptions which are herein fully referred to. In particular:

- no disciplinary measures shall be applied against the worker without having first disputed the allegation and having heard his/her defence;
- more serious disciplinary measures than the verbal reprimand will not be applied before five days have elapsed from the written allegation of the fact giving rise to the case, during which the worker can present his/her own justifications, possibly with the assistance of a trade union representative;
- if the disciplinary measure is not adopted within six days following the presentation of these justifications, these will be deemed accepted;
- the application of any more serious disciplinary measures than the verbal warning will be communicated by means of a motivated written measure;
- for the purposes of recidivism, disciplinary measures after two years from their application will not be taken into account.

3. MEASURES AGAINST DIRECTORS

**.Organisational, Management and Control Model
Disciplinary and sanctioning system**

In violation of Model provisions by one or more members of the Board of Directors, the other directors and/or the Board of Statutory Auditors and/or the Supervisory Body must inform the Board of Directors, the Board of Statutory Auditors and the SB without delay and in writing, in a communication to the chairpersons of the aforementioned bodies (or to one of their members if the notification concerns the individual(s) directly.

Once the report of the dispute has been examined, the Board of Directors or the Board of Statutory Auditors, having verified the validity of objections also by, if necessary, hearing the director concerned, and the SB, will take the appropriate measures from amongst those listed below according to the seriousness of the violation, convening the shareholders' meeting if necessary.

In the event of committal for trial of one or more of the Directors, allegedly the perpetrators of the crime from which the administrative liability of the Company derives, the Chairman of the Board of Directors or the Chairman of the Board of Statutory Auditors must call the Shareholders' Meeting to deliberate on the possible withdrawal of the mandate or of any and different choices, however adequately justified. A similar procedure will also be applied to any subsequent procedural steps.

The following disciplinary measures may be taken against the Directors:

- **formal written notice** with notice to comply with Model provisions, which may be imposed in case of minor non-compliance with the principles and rules of conduct contained in this Model or in company procedures;
- in the most serious cases of violations involving a failure to comply with the provisions and/or procedures and/or internal regulations contained in this Model, even if only potentially configuring a crime and/or an administrative offence and/or conduct knowingly contrary to the aforementioned provisions, in consideration of the intentionality and seriousness of the conduct in place (which can be assessed in relation to the level of risk to which the Company is exposed) and the particular circumstances in which the aforesaid behaviour is manifested, respectively, the following measures can be applied: i) **total or partial withdrawal of the powers conferred**, if any, and (ii) **withdrawal of the mandate** with immediate effect.

The resolution of the Board of Directors, the Board of Statutory Auditors and/or the Shareholders' Meeting is communicated in writing to the interested party and to the SB.

The procedure described above does not affect the powers and duties attributed to the corporate bodies by law or by the Bylaws.

In all cases in which the violation of the Model by a director bound to the Company by an employment relationship, regardless of whether the violation is in compliance with his/her obligations as a director or as an employee, the procedure established with regard to the Executive as referred to in point 2 above. If the outcome of these proceedings is subject to dismissal, the Board of Directors will immediately call the Shareholders' Meeting to resolve on the necessary measures, including the withdrawal of the Director in charge.

Without prejudice in any event to the Company's right to compensation for damages suffered.

4. MEASURES AGAINST STATUTORY AUDITORS

In a violation of Model provisions by one or more members of the Board of Statutory Auditors, the Board of Directors and/or the Supervisory Body, the entire Board of Statutory Auditors must be informed, without delay and in writing, and all the appropriate measures permitted by current legislation, including the withdrawal of the assignment granted to the parties will be taken.

In more serious cases, the Board of Directors, after consulting with the Board of Statutory Auditors, will convene the Shareholders' Meeting for appropriate measures.

In the event of committal for trial of one or more of the Statutory Auditors, allegedly the perpetrators of the crime from which the administrative responsibility of the Company derives, the Chairman of the Board of Directors or the Chairman of the Board of Statutory Auditors must proceed to call the Shareholders' Meeting to deliberate on the possible withdrawal of the mandate or of any and different choices, however adequately motivated. A similar procedure will also be applied to any subsequent procedural steps.

In any case, the Company has the right to exercise actions for liability and compensation.

5. MEASURES AGAINST COLLABORATORS AND BUSINESS PARTNERS

In a violation by Collaborators, Suppliers or Partners of Model provisions, the Board of Directors (or the managing director or, in any case, the representative of the Company in charge of managing the contractual relationship), if necessary the Supervisory Body, will assess whether to terminate the existing contractual relationship and shall apply any sanction provided for by the contract according to specific clauses contained therein. These clauses may provide, in particular, the right to terminate the contract and/or the payment of penalties, without prejudice in any case to the right of the Company to claim compensation for damages suffered.

The contract with Collaborators, Suppliers and Partners must be terminated immediately by the Company if they are responsible for the violation of prescriptions and/or procedures and/or internal rules contained or referred to in this Model, even if only potentially configuring a crime and/or an administrative offence and/or conduct knowingly contrary to the aforementioned provisions, if so provided by the contract itself.

As regards workers linked to the company by work relationships other than employment (collaborators and, in general, external individuals) the applicable measures and disciplinary procedures take place in compliance with the law and the contractual conditions.

6. THE ROLE OF SB SUPERVISION

The disciplinary system contemplated here is subject to constant verification by the Supervisory Body.

In particular, the Supervisory Body verifies that the Company has provided adequate information on the existence of the Disciplinary System and the consequences that may derive from violation of the principles and rules of conduct envisaged or referred to by the Organisational Model, to the workers and all the recipients thereof.

In addition, the Body will promptly inform top Company management of any reports received regarding possible Model violations, and will ask the corporate functions responsible and delegated to manage disciplinary proceedings and apply sanctions, for information, data and/or information useful for monitoring the correct application of the Disciplinary System.

Lastly, although the Supervisory Body does not have direct disciplinary or sanction powers, it must be informed about the disciplinary proceedings carried out and the possible sanctions imposed, that is the motivated measures for filing disciplinary proceedings against company personnel, adopted by the Company.

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