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GENERAL PART

MANAGEMENT AND CONTROL MODEL D.LGS 231/01

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Termini e definizioni

Model: Model of organisation, management and control according to the requirements of d.Lgs. 231/2001.

OdV: supervisory body, the internal control body responsible for supervising the operation and compliance with the model and its updating.

Corporate bodies: the corporate bodies required by the statutes.

CCNL: national collective labour agreements and company supplementary contracts.

D. Lgs. 231/2001 o Decreto: Dd Lgs. 8 June 2001 n. 231 "discipline of the administrative liability of legal persons, companies and associations even without legal personality, according to article 11 of law 29 September 2000, n. 300" and subsequent amendments and additions.

Employees: persons who perform a service for the benefit of the company, employed by and under the direction of the company on a permanent or fixed-term contract. Workers with a contract of self employment, temporary employees and trainees are treated as employees in respect of the observance of the rules of d. Lgs. 231/2001.

Suppliers: The entities that supply goods and/or services to the Company under agreements and/or contracts.

Guidelines: documents issued by trade associations or authoritative public bodies in the field of d.Lgs. 231/2001.

Risk assessment: structured risk assessment methodology and controls.

Stakeholders: stakeholders in the company, whether internal or external to the company.

Internal control system: all the protocols and actions taken by the company to prevent risks.

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1. INTRODUCTION

This document, together with all its annexes, is the model of organization, management and control pursuant to Legislative Decree 231/2001 adopted by FARCK S.R.L.

The purpose of the organization, management and control model adopted by the company is to build a structured and organic system of controls aimed at preventing the offences referred to in D.Lgs. 231/2001.

The model applies to:

- **partners;**
- **directors and auditors;**
- **employees;**
- **suppliers and consultants;**
- **any other person who, in any capacity whatsoever, has a cooperative relationship with the company.**

The company shall ensure that the provisions of the model are complied with by ensuring transparency in the corrective actions taken in case of a breach of the model.

FARCK S.R.L. is committed to disseminate, in its own organization and externally, the contents of the model and subsequent updates in a complete, accurate and continuous way.

By virtue of what is expressly stated in D.Lgs. 231/2001 (art.6, third paragraph), the models may be adopted on the basis of codes of conduct or guidelines drawn up by representative associations and professional associations, and communicated to the Ministry of Justice.

This Template is drawn up in accordance with the guidelines of Confindustria adopted in 2008 and updated in 2014. The guidelines of Confindustria, approved by the Ministry, among others suggest:

- the identification of risk areas, in order to verify in which area, sector or business process it is possible to carry out the offenses referred to in the decree;
- the establishment of an appropriate control system, capable of preventing risks through the adoption of specific protocols;
- provision of an adequate disciplinary system for the violation of the rules of the code of conduct and the procedures provided for in the model;
- entrusting the task of monitoring the model to a supervisory body, with the following main requirements: autonomy and independence, professionalism and continuity of action;
- provision for reporting obligations towards the supervisory body.

2.0 LEGISLATIVE DECREE 231/2001

2.1 Administrative responsibility of legal entities

Legislative Decree 231/2001 "governing the administrative liability of legal entities, companies and associations even without legal personality" - issued in execution of the delegation in the article 11 of the law of 29 September 2000, n. 300 - which introduced the concept of criminal liability for legal persons into the Italian regulatory system, adapting domestic legislation to certain international conventions to which Italy had already joined some time ago.

The aforementioned decree introduced for the first time in Italy a direct liability of legal persons (companies, associations, entities, etc.) for certain crimes committed in the interest or for the benefit of them by:

- persons who hold functions of representation, administration or management of the company or its organisational unit with financial and functional autonomy as well as persons who exercise, de facto, the management and control of the same (so-called chief executives);
- people under the management or supervision of one of the above-mentioned entities (so-called subordinates).

This responsibility, which is called administrative by the legislator but is characterised by the existence of criminal profiles on the part of the legal person, is coupled with the responsibility of the natural person who committed the offence.

The administrative responsibility of the legal person is excluded in the case where the agent has committed the act in its own exclusive interest or that of external third parties.

The new administrative responsibility introduced by the decree aims primarily at affecting the assets of companies and entities that have benefited from the commission of certain identified criminal acts. It is therefore provided, in all cases, the application of a pecuniary penalty varying in size depending on the gravity of the crime and the capital capacity of the company. For the most serious cases, prohibitive measures such as suspension or revocation of licenses and concessions, prohibition to contract with the PA, prohibition from carrying out the activity, exclusion or withdrawal of funding and contributions are also provided, The ban on advertising of goods and services.

Articles 6 and 7 of the decree provide, however, a form of exemption from liability if the company demonstrates that it has adopted and effectively implemented models of organization, management and control suitable to prevent the commission of the offences considered. The system also provides for the establishment of an internal audit body (OdV) with the task of monitoring the operation and compliance with the models, as well as ensuring their updating.

The models must meet the following requirements:

- Identify processes and activities in which crimes may be committed;
- Provide specific protocols and procedures to prevent the commission of offences;
- Identify ways of managing financial resources that are suitable for preventing the commission of crimes;
- Provide for information obligations towards the body (OdV) appointed to monitor the operation and compliance with the Model;
- introduce a disciplinary system to penalize non-compliance with the measures indicated in the model

2.2 Predicate offences

The legislator initially focused on offences against public administration only and then intervened several times to strengthen national legislation and bring it into line with international conventions.

The table below gives a complete list of predicate offences, organized by category.

Categorie
1. [art.24] Undue receipt of payments, fraud against the state or a public body of the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public supplies
2. [art.24-bis] Computer crime and illegal processing of data
3. [art.24-ter] Organized crime offences
4. [art.25] Embezzlement, concussion, inducement to give or promise utility, corruption and abuse of office
5. [art.25-bis] Falsification in coins, public credit cards, stamp values and instruments or signs of recognition
6. [art.25-bis.1] Crimes against industry and commerce
7. [art.25-ter] Corporate crimes
8. [art.25-quater] Offences with the aim of terrorism or subversion of the democratic order provided by criminal code and special laws

Categorie
9. [art.25-quater.1] Practices of female genital mutilation
10. [art.25-quinquies] Crimes against individual personality
11. [art.25-sexties] Offences of market abuse
12. [art.25-septies] Offences of manslaughter and serious or very serious colporous injuries, committed in violation of the accident prevention regulations and the protection of hygiene and health at work (Safety at work).
13. [art.25-octies] Receiving, laundering and use of money, goods or utilities of illicit origin, as well as self-trafficking
14. [art.25-octies.1] Offences involving non-cash payment instruments
15. [art.25-novies] Offences relating to copyright infringements
16. [art.25-decies] Inducement not to make statements or to make false statements to the judicial authority
17. [art.25-undecies] Environmental crimes
18. [art.25-duodecies] Employment of illegally staying third-country nationals
19. [art.25-terdecies] Racism and xenophobia
20. [art.25-quaterdecies] Fraud in sporting competitions, illegal gambling or betting and gambling by means of prohibited equipment
21. [art.25-quinqueseccies] Tax crimes
22. [art.25-sexiesdecies] Smuggling
23 [art.25-octies.1] Offences involving non-cash payment instruments
24. [Art. 12, L. n. 9/2013] Liability of entities for administrative offences related to crime [This is a prerequisite for entities operating in the virgin olive oil sector]
25. [L. n. 146/2006] Transnational crimes [They are a prerequisite for liability administrative of the entities if committed in a transnational way]

The full list of individual offences and sanctions is attached to the Template.

2.3 Sanctions

As regards penalties, the decree identifies a series of sanctions. In summary:

- **Financial sanctions (artt. da 10 a 12 d.lgs. 231/2001):**
the proportion of which is determined in terms of number and value of shares taking into account the seriousness of the act, the degree of liability of the company as well as the activity undertaken to counteract or mitigate the consequences of the act or to prevent further offences. The amount of the share is determined according to the economic and financial conditions of the company, in order to ensure the effectiveness of the sanction;
- **Indirect sanctions (artt. da 13 a 17 d.lgs. 231/2001):**
 - disqualification from the activity;
 - suspension or revocation of the authorisations, licences or functional concessions to commit the offence;
 - Prohibition of contracting with the Public Administration;
 - exclusion from benefits, grants or subsidies and possible withdrawal of those granted;
 - Prohibition of advertising for goods or services.
- **Confiscation of the price or profit of the offence (art. 19 d.lgs. 231/2001);**
- **Publication of the judgment (art. 18 d.lgs. 231/2001).**

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In general terms, it should be made clear that the determination of liability and the penalty is assigned to the criminal court responsible for the proceedings relating to the offences on which administrative responsibility rests.

2.4 Criteria for the allocation of liability to the company

The objective conditions for the application of the discipline referred to in D.lgs. 231/2001 are derived from art. 5 of the same decree and are as follows:

- the commission by the principal or subordinate of one of the offences provided for in the legislation concerned;
- The offence was committed in whole or in part, in the interests of or for the benefit of society.

The concept of **interest** is closely linked to a concept of finalisation of the offence, for it to exist, it is sufficient that the offence was committed with the intention of making society economically useful; without requiring that this be actually achieved.

The term **advantage**, on the other hand, refers to the concrete acquisition of an economic utility by society, regardless of the intentions that have led the agent to the crime.

Therefore, having established that the persons functionally connected with society have committed one of the above-mentioned offences, For the existence of liability on the part of the same will be sufficient that these persons have committed the act to benefit in economic terms the company itself; and this even if an ex-post verification proves that this utility has not been achieved.

If, and alternatively, regardless of the intentions behind the conduct of the perpetrators of the alleged crime, society has obtained an effective economic advantage, it is called upon to answer for the fact that they have committed the offence.

Two hypotheses must be distinguished in this respect:

1. for crimes committed by **persons in "apical" position**, D.lgs. 231/2001 introduces a kind of relative presumption of liability of the company, since it is provided for the exclusion of its responsibility only if it demonstrates:
 - that «the governing body has adopted and effectively implemented, before the commission of the act, models of organization and management suitable for preventing crimes of the kind of the one which occurred»;
 - that «the task of supervising the operation and compliance with the models and of ensuring their updating has been entrusted to a body of the company with autonomous powers of initiative and control»;
 - that «persons have committed the offence by fraudulently circumventing organisational and management models»;
 - that «there has been no or insufficient supervision by the body with autonomous powers of initiative and control».

The above conditions must be combined to exclude liability of the company.

2. If the crime was committed by persons in a "subordinate" position, there is no presumption of liability on the part of the company; for this to be called to account will be the burden of the magistrate pending the trial, Establish that the commission of the offence was made possible by the failure to fulfil the obligations of management or supervision.

In this case, Lgs. 231/2001 refers to the failure to fulfil the duties of management and supervision, which typically fall on the top management (or the subjects delegated by them).

Failure to comply with the obligations of management or supervision does not occur «if the company, before committing the crime, has adopted and effectively implemented an organization, management and control model suitable for preventing crimes of the kind that occurred».

2.5 The assumption of liability: the adoption and effective implementation of the model

Decree-Law 231/2001 does not regulate analytically the nature and characteristics of the model of organization, it is limited to dictate some general principles parameterized according to the different subjects that could commit a crime.

The purpose of the model is to implement a prevention system such that it can not be circumvented unless intentionally, in full harmony with the concept of fraudulent evasion provided for by art. 6 of the decree.

The model is not intended as a static instrument, but must be considered, on the contrary, a dynamic apparatus that allows the company to eliminate, through a correct and targeted implementation of the same over time, any shortcomings that, At the time of its creation, it was not possible to identify.

3. THE MANAGEMENT, ORGANISATION AND CONTROL MODEL ADOPTED BY FARCK S.R.L.

3.1 Company profile and historical background

Nome: FARCK S.R.L.

Description: CONSTRUCTION, PRODUCTION OF INDUSTRIAL, FOOD, CHEMICAL, PETROCHEMICAL AND PHARMACEUTICAL PLANTS

Registered office: PIANENGO (CR), VIA ROMA, 94 26010

Nation: ITALY

VAT number: 06422870151

Tax code: 00390700193

Costitution year: 1964

3.2 Organisational structure

The organizational structure of the company is reflected in the corporate organigram referred to. The organization of the company is hierarchical-functional.

Function	Description
AMAG	WAREHOUSE STAFF
ANT	FIRE PROTECTION PERSONNEL
ASIST	SYSTEM ADMINISTRATOR
CDA	BOARD OF DIRECTORS
CO	WORKSHOP MANAGER
COMM	ACCOUNTANT
CSIND	BOARD OF AUDITORS
DL	EMPLOYER SAFETY
DWC	DEPUTY WELDING COORDINATOR
IT	COMPUTER TECHNICIAN
LAV	WORKER
MC	COMPETENT DOCTOR
ODV	SUPERVISORY BODY

Function	Description
PCDA	CHAIRMAN CDA
PR	RESPONSIBLE
PRC	CONSTRUCTION SITE REPRESENTATIVE
PS	FIRST AID WORKERS
RACQ	PUCHASING MANAGER
RAMM	OFFICE MANAGER
RESPPVC	RESPONSABILE PRIVACY
REV	REVIEWER
RLS	SAFETY REPRESENTATIVE OF WORKERS
RPROG	DESIGN AND PRODUCTION MANAGER
RSGQ	QUALITY MANAGEMENT SYSTEM MANAGER
RSPP	HEAD OF PREVENTION AND PROTECTION SERVICE
RVEN	SALES MANAGER
SEGR	SECRETARY
WC	WELDING COORDINATOR

3.3 Objectives and purpose of the model

With the adoption of the model, the company aims to provide itself with an internal control system that meets the purposes and requirements of Decree-Law 231/2001.

The purpose of the model is to implement a prevention system such that it cannot be circumvented unless fraudulently, in full harmony with the concept of fraudulent evasion of the model provided for by art. 6 of the decree.

In particular, by identifying processes and activities exposed to the risk of crime, the model aims to:

- To make all those who act in the name and on behalf of the company aware that, if the provisions of the model are violated, they may be liable to criminal and administrative penalties, not only against themselves; but also towards society;
- Stress that such forms of unlawful behaviour are systematically condemned by society as they are contrary to the ethical - social principles it adheres to, as well as the legal provisions;
- inform all parties concerned that the violation of the requirements contained in the organizational model of management and control will result in the application of sanctions, or the termination of the contractual relationship;
- enable the company, thanks to a constant monitoring of "processes and activities at risk of crime", to intervene promptly to prevent and combat the commission of crimes.

3.4 Operational methodology for model implementation and its update

The stages in which the work of building the model for FARCK S.R.L. has developed are described below:

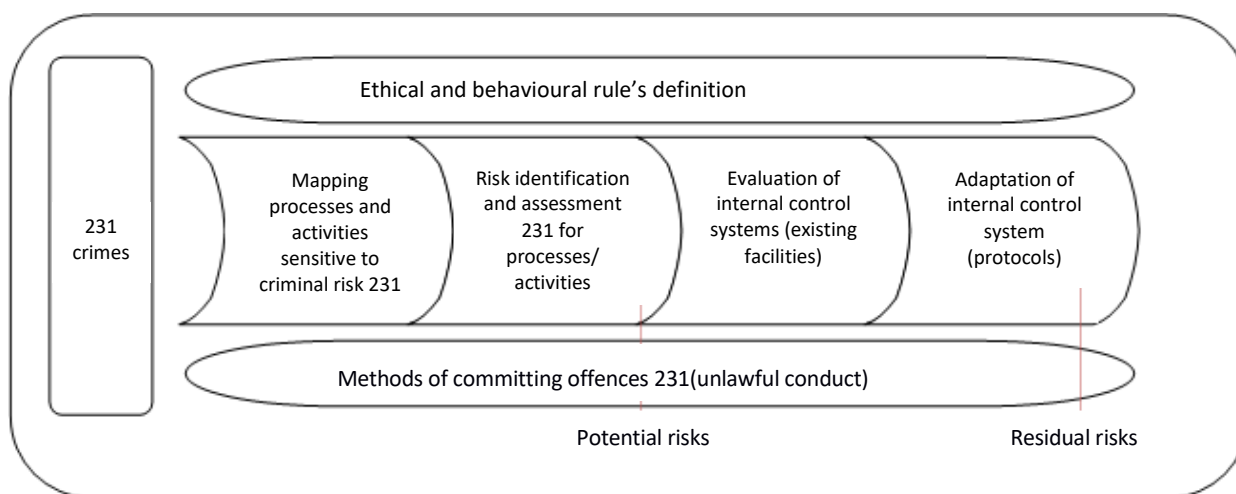


Fig.1: risk assessment process or risk and control assessment

Definition of ethical and behavioural rules

- elaboration of the company code of ethics and conduct.

Mapping of sensitive processes

- examination of the company's available corporate documentation (internal procedures and regulations, organization chart, agreements and contracts, etc.);
- conducting interviews with business functions (key subjects and area or function managers);
- identification of processes and activities that pose a criminal risk 231 (list of sensitive processes and activities).

Identification risk assessment 231

- Identification of potential risks with specific reference to sensitive processes and activities (list of potential risks of committing crimes 231);
- Identification and contextualization of the possible theoretical method of committing the offences (through examples of the Unlawful conduct) also in the light of the case law and the history of the company.

Evaluation of the internal control system

- analysis of the internal control system and existing devices in order to verify its adequacy to prevent or detect illegal behaviour;
- residual risk assessment.

Adaptation of the internal control system

- Residual risk analysis;
 - individuazione di azioni e protocolli volti all'adeguamento del sistema di controllo.
- Protocols are an organic system of standards designed to structure a control system that can prevent the risks identified:
- **ethics code;**
 - **operative protocols;**
 - **OdV information flows;**
 - **formation;**
 - **etc.**

3.5 Model structure

The model is composed by a **general part** and a **special part**. Their complementary part is constituted by the **ethic code**, **educative system** and the **attachments** at the model.

In the general part are described:

- The aims, the contents and the crimes foreseen from the decree (regulatory supplies in brief);
- The characteristics of the adapted model;
- The operative approach followed by the model formation;
- Functions and power of the supervisory body;
- Staff communication and involvement for the model, and also its formation and the update.

In the special part are described:

- The description of the offence;
- the principles of behaviour adopted (if any);
- procedures adopted in the internal control system;
- protocols and actions eventually foreseen for the adaptation of the internal control system.

The **special part** of the model is organised for sections and each section corresponds to a crime category among the ones described from D.Lgs. 231/01. The sections refer to crime categories which are relevant for FARCK S.R.L..

The **ethic code** describes the ethic and behavioural principles to which all the recipients of the model must refer to (administrators, employees and collaborators, consultants, and vendors, etc.).

In the educative system are indicated all the disciplinary crimes per recipient entity (directors, employees and third party recipients) and the procedure for applying and imposing sanctions on the categories of recipients identified.

The approved model will be updated and reviewed periodically. Model revisions should be considered necessary following:

- **regulatory updates;**
- **significant changes in the organization;**
- **changes in business processes and activities or areas of business;**
- **Extraordinary events (serious violations, disputes, sanctions, etc.).**

The summary of risk assessment activities document is attached to the template.

The procedures, organization charts, job descriptions and in general all documents referred to in the model and annexes, being operational documents and subject to constant revision, They will not necessarily involve updating the entire model but need to be approved by the responsible business functions and made known to the responsible OdV.

3.6 Sensitive processes and activities

Due to the activities and legal nature of FARCK S.R.L.. it was considered to focus attention on the risks of committing the following offences, among those falling within the scope of the offences of D.Lgs. 231/01:

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Categories included
[art.24] Undue perception of payments, fraud to the detriment of the state, a public body or of the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public supplies
[art.24-bis] Computer crime and illegal processing of data
[art.24-ter] Organized crime offences
[art.25] Embezzlement, concussion, inducement to give or promise utility, corruption and abuse of office
[art.25-bis.1] Crimes against industry and commerce
[art.25-ter] Corporate crimes
[art.25-quinquies] Crimes against individual personality
[art.25-septies] Manslaughter or serious or very serious injuries committed in violation of the health and safety regulations
[art.25-octies] Receiving, laundering and use of money, goods or utilities of illicit origin, as well as self-trafficking
[art.25-novies] Offences in the area of copyright infringement
[art.25-decies] Inducement not to make statements or to make false statements to the judicial authority
[art.25-undecies] Environmental crimes
[art.25-duodecies] Employment of illegally staying third-country nationals
[art.25-quinquiesdecies] Tax crimes
[art.25-octies.1] Offences involving non-cash payment instruments

The table below summarises the Sensitive Processes associated with offences in the risk assessment phase:

Category Offence	Process	Sensitive activity
[art.24] Undue receipt of payments, fraud against the State, a public body or the European Union or for obtaining public funds, computer fraud against the State or a public body and fraud in public supplies	P07 Personal	Selection, recruitment and management of staff
[art.24] Undue receipt of payments, fraud against the State, a public body or the European Union or for the purpose of obtaining public funds, computer fraud against the State or a public body and fraud in the public supply	P08 Relations with the P.A.	Management of public grants
[art.24-bis] Computer crime and illegal processing of data	P03 Company's IT system	Management of the company's IT systems and applications.
[art.24-ter] Organized crime offences	P01 Supply	Selection of suppliers, purchase orders and contract management
[art.24-ter] Organized crime offences	P04 Administrative and accounting management	Management of tax and tax obligations

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Crime category	Process	Sensitive activity
[art.25] Embezzlement, concussion, undue inducement to give or promise utility, corruption and abuse of office	P01 Supply	Selection of suppliers, purchase orders and contract management;
[art.25] Embezzlement, concussion, undue inducement to give or promise utility, corruption and abuse of office	P02 Safety at the workplace	Management of the safety and health prevention and protection system at the workplace
[art.25] Embezzlement, concussion, undue inducement to give or promise utility, corruption and abuse of office	P03 Company information system	Management of systems and applications computer science of the company.
[art.25] Embezzlement, concussion, undue inducement to give or promise utility, corruption and abuse of office	P04 Administrative and accounting management	Management of tax and tax obligations
[art.25] Embezzlement, concussion, undue inducement to give or promise utility, corruption and abuse of office	231/04 Administrative and accounting management	Keeping of accounts, drawing up of financial statements
[art.25] Embezzlement, concussion, undue inducement to give or promise utility, corruption and abuse of office	231/07 Staff	Selection, recruitment and management of staff
[art.25] Embezzlement, concussion, undue inducement to give or promise utility, corruption and abuse of office	231/08 Relations with the P.A.	Management of the administrative measures and authorizations to the P.A.
[art.25] Embezzlement, concussion, undue inducement to give or promise utility, corruption and abuse of office	231/08 Relations with the P.A.	Management of inspection visits
[art.25] Embezzlement, concussion, undue inducement to give or promise utility, corruption and abuse of office	231/09 Dispute	Litigation management
[art.25] Peculato, concussione, induzione indebita a dare o promettere utilità, corruzione e abuso d'ufficio	231/10 Environmental aspects	Environmental aspects management
[art.25] Embezzlement, concussion, undue inducement to give or promise utility, corruption and abuse of office	231/12 Gifts, donations, sponsorships and representation	Management of gifts, donations, sponsorships and entertainment expenses
[art.25-bis.1] Crimes against industry and trade	231/11 Production and sales	Production
[art.25-bis.1] Crimes against industry and trade	231/11 Production and sales	Sales
[art.25-ter] Corporate crimes	231/04 Administrative and accounting management	Keeping of accounts, drawing up of financial statements
[art.25-ter] Corporate crimes	231/05 Financial management and treasury	Management of relations with credit institutions
[art.25-ter] Corporate crimes	231/06 Corporate governance	Governance and relations with supervisory bodies
[art.25-quinquies] Crimes against individual personality	231/01 Supply	Selection of suppliers, purchase orders and contract management

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Crime category	Process	Sensitive activity
[art.25-quinquies] Crimes against individual personality	231/07 Staff	Selection, recruitment and personnel management
[art.25-septies] Manslaughter or serious or very serious injuries committed in violation of the health and safety regulations in the workplace	231/02 Safety in the workplace	Management of the safety and health prevention and protection system at the workplace
[art.25-octies] Fencing, laundering and use of money, goods or utilities of illicit origin, as well as self-trafficking	231/01 Supply	Selection of suppliers, purchase orders and contract management
[art.25-octies] Fencing, laundering and use of money, goods or utilities of illicit origin, as well as self-trafficking	231/04 Administrative and accounting management	Management of tax and tax obligations
[art.25-octies] Fencing, laundering and use of money, goods or utilities of illicit origin, as well as self-trafficking	231/05 Financial management and treasury	Management of cash inflows and outflows exit
[art.25-octies] Fencing, laundering and use of money, goods or utilities of illicit origin, as well as self-trafficking	231/05 Financial management and treasury	Management of relations with credit institutions
[art.25-octies] Fencing, laundering and use of money, goods or utilities of illicit origin, as well as self-trafficking	231/11 Production and sales	Sales
[art.25-novies] Offences in the area of copyright infringement	231/03 Company's IT system	Management of the company's IT systems and applications.
[art.25-decies] Inducement not to make statements or to make false statements to the judicial authority	231/07 Staff	Selection, recruitment and management of staff
[art.25-decies] Inducement not to make statements or to make false statements to the judicial authority	231/09 Litigation	Litigation management
[art.25-undecies] Environmental crimes	231/10 Environmental aspects	Environmental aspects management
[art.25-duodecies] Employment of illegally staying third-country nationals	231/07 Staff	Selection, recruitment and personnel management
[art.25-quinquiesdecies] Tax crimes	231/01 Supply	Selection of suppliers, purchase orders and contract management;
[art.25-quinquiesdecies] Tax crimes	231/04 Administrative and accounting management	Management of tax and tax obligations
[art.25-quinquiesdecies] Tax crimes	231/04 Administrative and accounting management	Keeping of accounts, drawing up of financial statements
[art.25-quinquiesdecies] Tax crimes	231/07 Staff	Selection, recruitment and personnel management
[art.25-quinquiesdecies] Tax crimes	231/08 Relations with the P.A.	Management of public grants
[art.25-quinquiesdecies] Tax crimes	231/11 Production and sales	Sales

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Crime category	Process	Sensitive activity
[art.25-quinquiesdecies] Tax crimes	231/12 Gifts, donations, sponsorships and representation	Management of gifts, donations, sponsorships and representation expenses
[art.25-octies.1] Offences involving non-cash payment instruments	231/05 Financial management and treasury	Management of cash inflows and outflows exit

4. SUPERVISORY BODY

4.1 Requirements of the supervisory body

In accordance with the provisions of article 6, paragraph 1, lett. b) and 7, commi. 3 and 4 of the Act n. 231/2001, the supervisory body must have requirements for:

- **autonomy:** the OdV must be guaranteed complete autonomy, understood as freedom and decision-making capacity, self-determination and action. This autonomy must be exercised above all in relation to the company's management, in the sense that the body must remain free from any form of interference and pressure from the same management. Finally, autonomy means that the supervisory body can determine itself by setting its own rules of conduct and procedure through a regulation adopted by it.
- **independence:** the position of the supervisory body must be that of a third party hierarchically placed at the top of the command line, free from any ties of subordination to the company's top management, capable of taking unquestionable measures and initiatives.
- **professionalism:** the requirement of professionalism assumes a highly subjective character, which should be verified for each component, with a prior analysis of the curriculum vitae and the concrete work experience of each of them. In particular, the OdV should be composed of individuals with specific knowledge of legal matters, control methodologies and activities, risk assessment and management, business organization, finance, auditing and management, etc. as well as specific skills in relation to inspection activity.
- **continuity of action:** continuity of action is to be understood in terms of the effectiveness of the supervisory and control activity and in terms of the time consistency of the performance of the OdV's functions.
- **Good repute:** the members of the supervisory body, given the role they are called to play, must necessarily have an ethical profile of unquestionable value. It is a cause of ineligibility as a component of the OdV and incompatibility to remain in office the sentence by judgment also at first instance for having committed one of the offences referred to in the decree, or the sentence to a penalty involving disqualification, also temporary, by public offices, or the temporary ban from the management offices of legal persons.

4.2 Appointment and term of office of the supervisory body

The supervisory body shall be appointed by the administrative body at the same time as the model is adopted. The appointment decision shall also determine the remuneration of the nominee.

The administrative body shall determine the grounds for revocation, revocation and ineligibility as a member of the OdV. At the time of appointment, an autonomous expenditure budget is agreed. The appointment of the OdV, its tasks and powers shall be communicated to the organisational structure in a timely manner. La nomina quale componente dell'organismo di vigilanza è condizionata alla presenza dei requisiti soggettivi di:

- good repute;
- integrity;
- respectability and professionalism;

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- No grounds for ineligibility.

The following are considered to be grounds for ineligibility:

- the presence of one of the circumstances referred to in Article 2382 of the Civil Code in relation to the individual component of the OdV;
- the presence of situations that have led to a loss of autonomy and independence requirements for the individual component of the OdV;
- the initiation of investigations against the individual component of the OdV for offences sanctioned by the Italian legal system;
- the sentence, even not definitive, of the individual component of the OdV, for having committed one of the crimes sanctioned by the Italian legal system.

The OdV member, by accepting the appointment, implicitly acknowledges that these grounds for ineligibility do not exist. The above rules also apply in case of appointment of a member of the OdV to replace another member of the body.

If a member of the OdV is absent during the course of his appointment (e.g. due to resignation or dismissal), the others inform the administrative body of the company which will appoint a replacement.

The removal from the position of a component of the OdV (even limited to one component of it) and the assignment of this office to another subject may only be done for good cause, by a special decision of the administrative body and with approval, if present, of the board of statutory auditors.

In this respect, the "just cause" for revocation of the powers related to the appointment as a member of the supervisory body may be understood, by way of example and not exhaustive:

- the loss of the subjective requirements highlighted above;
- the occurrence of a reason for incompatibility;
- serious negligence in the performance of tasks related to the task assigned to the OdV;
- the "failure or insufficient supervision" by the supervisory body, as provided for in art. 6, paragraph 1, letter. d) of the decree.

The supervisory body has an operating regulation which also regulates the duration of the office and all aspects relating to the operation of the body.

4.3 Powers and Functions of the Supervisory Body

The main tasks assigned to the ODAs are:

Model verification and supervision:

- To verify the adequacy of the model, that is to say its ability to prevent the occurrence of unlawful behaviour and to highlight its possible implementation;
- verify the effectiveness of the model, that is the correspondence between the concrete behaviors and those formally foreseen by the model.

Model update:

- Update the model, proposing, if necessary, to the administrative body the adaptation of the model in order to improve its adequacy and effectiveness (in view of possible regulatory action, changes in the organisational structure, violations of the model).

Informazione e formazione sul modello:

- Promote and monitor initiatives to encourage dissemination and training of the model among all target

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groups;

- to respond in a timely manner to requests for clarification from the functions or resources of the company, or from administrative and control bodies, if they are related to or connected with the Model.

Management of information flows to and from the OdV:

- ensure the timely fulfilment, by the relevant business functions, of all reporting activities related to compliance with the model;
- Review and evaluate all information and reports received and related to the compliance with the model;
- inform the competent bodies about the activities carried out, their results and planned activities;
- report any violations of the model to the competent bodies for appropriate action;
- in the case of controls by institutional entities, including the Public Authority, provide the necessary information support to inspection bodies.

4.4 Reporting and information flows to the supervisory body

Any reports relating to the violation of the model or otherwise resulting from behaviour not in line with the ethical rules and conduct adopted by the company must be sent to the OdV.

As an example and not exhaustive, the following shall also be reported to the OdV:

- **The measures and/or news from judicial police bodies or any other authority, from which it is possible to trace the conduct of investigations, including against unknown persons referred to in d.lgs.231/2001;**
- **requests for legal assistance made by managers and/or employees in the event of initiation of judicial proceedings for offences under Legislative Decree 231/2001;**
- **the news of the commission or attempted commission of one of the offences covered by the Organization and Control Model;**
- **information on disciplinary proceedings carried out and any sanctions imposed in relation to the model, as well as any measures taken to close such proceedings with the reasons for them.**

In addition to the reporting requirements, the corporate functions identified as part of their activities are required to provide, periodically or whenever the event occurs, to the supervisory body the information provided for and coded in the information flows encoded in the template or in a coding procedure.

All information and reports provided for in the model is kept by the supervisory body in a special archive in accordance with the provisions contained in Legislative Decree n. 196/2003 (privacy). The members of the supervisory body are under an absolute and non-derogable obligation to maintain secrecy about their activities and corporate information which they become aware of in the exercise of their mandate.

4.5 Reporting dell'organismo di vigilanza verso gli organi sociali

The Supervisory Body shall communicate to the administrative body:

- The annual plan of activities that it intends to carry out;
- The progress of activities compared to the formulated plan and any changes (giving reasons);
- The reports received and any problems identified in the verification activities;
- The report at least annually on the implementation of the model, indicating the need for improvements to the model.

Other reports on the activities of the ODVs may be prepared at the specific request of the administrative body. The supervisory body also regularly liaises with the board of statutory auditors and the auditing company if present.

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5. DIFFUSIONE E FORMAZIONE DEL MODELLO

5.1 Dissemination and training activities

For the purposes of implementing the model, the company promotes dissemination and training activities to ensure effective knowledge to the recipients in different ways in relation to the different degree of involvement in sensitive processes and the type of relationship Established with the company.

The model is formally communicated to the company's corporate bodies and employees by means of:

- **briefing on the purpose and contents of the model (specifically provided for apical functions);**
- **internal information notes (for example, employee pay slips);**
- **computer support or publication of documentation on the company's servers and intranet;**
- **Update emails (for regulatory updates, etc.).**

For new hires, it is planned to deliver an information set, consisting of an extract from the model and the code of ethics, with which they will be able to ensure that they have the knowledge considered most important.

For third parties who are required to comply with the model, a communication is provided on the adoption of the model and the code of ethics (the latter available on the company's website).

To ensure that the employees are fully aware of the model, the company, in collaboration with the OdV, plans and implements appropriate training measures on a regular basis.

For the main functions or for those operating in sensitive areas, specific training sessions are also planned during the year with the deepening of specific crimes and illustration of concrete cases.

Participation in the training courses is compulsory, it will be the responsibility of the OdV in collaboration with the company to keep track of the attendance and participation as well as the recording and verification of the knowledge acquired. The training activity, as provided for by the Confindustria guidelines, can be delivered in the presence or with the support of e-learning platforms.