



IMOLA TECNICA S.R.L.

ORGANISATIONAL
MANAGEMENT AND CONTROL MODEL
pursuant to Legislative Decree 231/2001

in accordance with Legislative Decree No. 231 of 08 June 2001
concerning "Administrative liability of legal persons"

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Section I - Regulatory overview of administrative liability of Entities

1.1 Legislative Decree No. 231 of 8 June 2001

Legislative Decree No. 231 of 8 June 2001 (hereinafter, for brevity, also referred to as the “Decree”), “Governing the administrative liability of legal persons, companies and associations with or without legal personality, pursuant to article 11 of Law No. 300 of 29 September 2000”, brought into force the following 4 July, introduced into Italian law a particular form of liability, nominally administrative, but substantially punitive - criminal, for legal persons (companies, associations and entities in general), which adds to the liability of the natural person who has actually committed certain criminal offences and which aims to involve, in the punishment of said offences, the companies in whose interests or for whose benefit the crimes in question have been committed.

The requirements for application of the new regulations may be summarised as follows:

- a) the Entity's inclusion in the group to which the Decree applies;
- b) commission of a crime included amongst those listed in the Decree (so-called “predicate offences”), in the interests or for the benefit of the Entity;
- c) the person who committed the crime being a senior figure or subordinate within the Entity;
- d) the Entity's failure to adopt or implement an organisational model suitable for preventing crimes of the type which took place;
- e) the Entity's failure to assign autonomous powers to act and monitor to a suitable body (or insufficient vigilance by the latter);
- f) fraudulent evasion by the senior figure or subordinate subject of the prevention model adopted by the Entity.

The combination of these conditions result in the Entity being subject to various kinds of sanctions, all of them very serious, the most important being fines and disqualification, in varying degrees (culminating in compulsory closing down of the business).

1.2 Definitions and general guidelines

The key points of the Decree relate to:

- a) Decree addressees:
 - so-called “private” Entities, including - by way of example only - Foundations, Associations, Committees, Public Limited Companies, Partnerships Limited by Shares, Limited Liability Companies, Cooperatives, Insurance Mutual Societies, Simple Partnerships, Unlimited Partnerships, Limited Partnerships, Brokerage Firms, Asset Management Companies, Open-End Investment Companies and Auditing Companies;

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- so-called “Public” Entities, that is to say, all public economic entities operating under private law;
- in contrast, these do not include individual entrepreneurs, the State, Regional Authorities, Provincial Authorities, Municipal Authorities, other non-economic public Bodies, Political parties and trade unions.

b) Persons involved in committing the crime:

- natural persons whose positions are “senior figure” (that is to say, they represent, administer or manage the Entity or one of its organisational units with financial and functional autonomy, or who, by virtue of their office or de facto, manage and control the entity);
- natural persons under the management or supervision of a Senior Figure Subject (for brevity, hereinafter referred to as a Subordinate Subject);
- external subjects operating in the name and/or on behalf of the Entity.

c) The type of crimes envisaged, so-called “predicate offences”:

- i. Crimes against the Public Administration (*articles 24 and 25*);
- ii. Computer crimes and illegal data processing (*art. 24-bis*);
- iii. Organised crime (*art. 24-ter*);
- iv. Crimes against public trust (*art. 25-bis*);
- v. Crimes against trade and industry (*art. 25-bis1*);
- vi. Corporate crimes (*art. 25-ter*);
- vii. Crimes for the purposes of terrorism or subversion of democratic rule (*art. 25 quater*);
- viii. Practices of female genital mutilation (*art. 25-quater 1*);
- ix. Crimes against individual persons (*art. 25-quinquies*);
- x. Market Abuse (*art. 25-sexies*);
- xi. Crimes committed with violation of accident-prevention and occupational health and safety regulations (*art. 25-septies*);
- xii. Crimes relating to laundering and self-laundering (*art. 25-octies*);
- xiii. Crimes relating to breach of copyright (*art- 25-novies*);
- xiv. Crimes of inducing to make or of making false declarations to judicial authorities (*art. 25-decies*);
- xv. Environmental crimes (*art. 25-undecies*);
- xvi. Crimes using foreigners who do not have a right to be in the country (*art. 25-duodecies*);
- xvii. Racism and xenophobia (*art. 25-terdecies*).

d) Sanctions applicable:

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- financial sanctions;
- disqualification sanctions;
- confiscation of profit deriving from the crime;
- publication of the conviction.

For administrative liability, following the commission of a crime financial sanctions are always applied, subject to the exoneration in section 1.3 below, consisting of payment of an amount set by Law, in any case not less than € 10,329 and not more than € 1,549,000.

The Judge determines the financial sanction according to the seriousness of the offence, the Entity's level of responsibility and the action taken by the entity to eliminate or attenuate the consequences of the offence and prevent the commission of further offences.

There are cases in which the financial sanction may be reduced, including, for example:

- a) if the perpetrator committed the crime primarily in his/her own interest or in the interests of third parties and the Entity did not gain from it in any way or only benefited minimally;
- b) if the Entity adopted and implemented an organisational model suitable for preventing crimes of the type which took place.

Disqualification sanctions:

- a) permanent or temporary disqualification from the exercise of business activity;
- b) suspension or revocation of the authorisations, licences or concessions instrumental to the perpetration of the offence;
- c) permanent or temporary disqualification from entering into agreements with the Public Administration, except for the purpose of obtaining a public service;
- d) exclusion from facilitated conditions, funding, contributions and subsidies, and the possible revocation of those already granted;
- e) permanent or temporary prohibition from advertising goods or services.

Disqualification sanctions are applied when at least one of the following conditions is met:

- a) the Entity gained a substantial profit from the crime, and the crime was committed by a Senior Figure or by a Subordinate Subject, and in this case, the commission of the crime was occasioned or facilitated by serious organizational shortcomings;
- b) in the case of repeat offences.

However, even when one or both of the preceding conditions are met, disqualification sanctions are not applied if even one of the following circumstances exists:

- a) if the perpetrator committed the crime primarily in his/her own interest or in the interests of third parties and the Entity did not gain from it in any way or only benefited minimally;
- b) the financial damage caused is particularly tenuous;

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- c) before the statement opening the first instance hearing, all of the following conditions have been met
- ◆ the Entity has paid full compensation for the damage and has eliminated the harmful or dangerous consequences of the crime or in any case has effectively worked towards that end;
 - ◆ the Entity has eliminated the organisational shortcomings which resulted in the crime by adopting and implementing a Model;
 - ◆ the Entity has made the profit available for confiscation.

Confiscation is the compulsory acquisition by the State of the price or profit deriving from the crime, except for the part that can be returned to the injured party and, in any case, with the exception of rights acquired by third parties in good faith, or, should this not be possible, sums of money, assets or other goods of equivalent value to the price or profit deriving from the crime.

Publication of the conviction consists of publication only once, in part or in full, in one or more newspapers chosen by the Judge in the ruling, undertaken by the judge's secretariat at the Entity's expense, and by posting in the register of the municipality in which the Entity is based.

Publication of the conviction may be ordered when a disqualification sanction is applied to the Entity.

1.3 Exoneration from administrative liability

Article 6 of the Decree envisages a special form of exoneration from administrative liability if the crime has been committed by a "senior figure" and the Entity demonstrates that:

- a) before the act was committed, the Executive body adopted and effectively implemented an appropriate Organizational, Management and Control Model (hereinafter also the "Model") suitable for preventing crimes of the type in question;
- b) the task of overseeing the operation and observance of the Model and attending to its updating was assigned to a Supervisory Body within the Entity invested with autonomous powers to act and monitor;
- c) the persons committed the crime by fraudulently eluding the above-mentioned Model;
- d) supervision by the Supervisory Body was neither omitted nor insufficient.

The Decree also indicates that, relative to the extent of the powers delegated and the risk of the crimes being committed, the Organisational, Management and Control Model must meet the following requirements:

- ◆ identifying the risks and areas/sectors of activity within which the possibility of committing the crimes exists;

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- ◆ establishing specific protocols aimed at planning the formulation and implementation of the Entity's decisions in relation to the crimes to be prevented;
- ◆ preventing any subject operating within the Entity from being able to justify their conduct by pleading ignorance of company regulations and preventing, under normal circumstances, the crime from being caused by errors – even due to negligence or inexperience – in the assessment of company directives;
- ◆ introducing an internal disciplinary system of sanctions for non-compliance with the measures indicated in the Model;
- ◆ identifying suitable financial asset management procedures for preventing the commission of crimes;
- ◆ establishing regular, systematic auditing procedures, which can only be circumvented intentionally;
- ◆ establishing the obligation to inform the Supervisory Body assigned to oversee the functioning of and compliance with the Model.

For small Entities, supervision may be performed directly by the Executive body.

1.4 Adoption of a Model

Adoption of the Model involves two basic steps:

- identification of the risks: that is to say, analysis of the Entity's context in order to highlight where (in which areas/sectors of activity) and in what ways events might occur which could compromise the objectives set out in Legislative Decree No. 231/2001;
- design of the control system (so-called protocols for planning the formulation and implementation of the Entity's decisions): that is to say, assessing the system existing within the Entity and the possibility of improving it in such a way as to implement a control system capable of preventing the risks identified.

Specifically, in order to be exonerated from criminal liability, Entities must:

- a) adopt a Code of Ethics that sets out the principles of conduct relative to the crimes in question;
- b) define an organisational structure, capable of guaranteeing clear and organic allocation of tasks, of separating functions and inspiring and monitoring the appropriateness of behaviour;
- c) formalising manual and computer-based company procedures for regulating how activities are carried out. Particularly effective prevention comes from the “separation of tasks” control tool, used amongst those performing crucial steps of a process involving risk;

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- d) assigning mandates and powers of signature in line with the organisational and management responsibilities defined;
- e) communicating to personnel in a thorough, effective, clear and detailed way the Code of Ethics, company procedures, sanctions system, mandates and powers of signature, and all other tools for preventing crimes from being committed;
- f) having a suitable system of sanctions for breaches of the Code of Ethics and of the procedures envisaged in the Model;
- g) establishing a Supervisory Body:
 - having substantial autonomy and independence;
 - whose members have the professionalism necessary to be able to carry out the required activities;
 - which assesses the suitability of the Model, supervises its functioning and handles its updating;
 - which operates with continuity, closely with and making use of the company functions.

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Section II – The Imola Tecnica S.r.l. Model

Imola Tecnica S.r.l. (hereinafter also referred to as the “Company”), in order to ensure ever more appropriate and transparent conditions in the running of company business affairs, considered it appropriate to adopt an Organisational, Management and Control Model in line with the Decree's requirements.

The Company believes that adoption of that Model, with the simultaneous issuing of the Code of Ethics, constitutes, beyond the requirements of the Law, a valid tool for raising awareness among and informing all employees and everyone who collaborates with the Company in any capacity (Suppliers, Consultants, partners, etc.). All of this is so that, while performing their activities, the above-mentioned subjects adopt the appropriate and transparent conduct in line with the ethical values which inspire the Company's pursuit of its company object, and to prevent the risk of the crimes described by the Decree being perpetrated.

To prepare this Model, the Company analysed its risk areas, taking into account the Decree's requirements.

In particular, in implementing the Decree's instructions, the Company established its own Supervisory Body with the task of supervising the Model's operation, effectiveness and compliance with it, as well as updating it.

2.1 Objectives of the Model

The main aim of the Model is to create a structured, organic system of control procedures and activities, intended to prevent, as far as possible, unsuitable conduct liable to lead to the offences described by the Decree.

Therefore, by identifying activities exposed to the risk of an offence (“sensitive activities”) and introducing suitable procedures for regulating them, the intention is:

- a) to prevent and reasonably limit, within the scope of the offences envisaged in Legislative Decree 231/01, the risks linked to company activity, aiming to eliminate the possibility of any illegal conduct occurring;
- b) to ensure that everyone who works in the name and on behalf of the Company is fully aware that it is likely that, should they breach the provisions of Legislative Decree 231/01 also referred to in the Model, they will be committing an offence liable to criminal and administrative sanctions and that perpetrating it is strongly condemned by the Company, being against its interests even when it could apparently result in immediate economic gains;

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- c) to confirm that the Company will not tolerate illegal conduct, of any kind and irrespective of the reason, because in addition to breaking the laws in force, it contravenes Company ethical principles;
- D) to allow prompt action to be taken in order to prevent or thwart the commission of the crimes, by constantly monitoring activities.

2.2 Structure of the Model

The Organisational, Management and Control Model prepared by the Company is based on the following key points:

- a) preparation of a Code of Ethics, setting out general conduct guidelines;
- b) defining an organisational structure, for guaranteeing clear and organic allocation of tasks (where possible by ensuring clear separation of functions or, alternatively, by implementing compensating checks) and monitoring the appropriateness of behaviour;
- c) identifying and documenting potential risks, by mapping activities involving risk, and adoption of tools for mitigating them;
- d) using formalised guidelines, to govern operating methods for taking and implementing decisions in “sensitive” areas;
- e) checking and documenting every significant operation;
- f) structuring of a system of delegation of powers and of company powers, in line with the organisational responsibilities assigned and ensuring a clear and transparent picture of the company decision-making and implementation process;
- g) implementing a personnel training plan, particularly for executives and middle management operating in sensitive areas, and informing all other subjects involved (Suppliers, Consultants, partners, etc.);
- h) circulating and involving all company levels in implementation of company rules of conduct, procedures and policies;
- i) enforcing disciplinary sanctions for breaches of the Company rules of conduct;
- j) assigning a Supervisory Body specific duties for supervising the effectiveness of the Model and its consistency with the objectives;
- k) post facto checking company conduct and operation of the Model, with consequent regular updates.

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2.3 General Part and Special Parts

The documentation relating to the Organisational, Management and Control Model according to Legislative Decree 231/01 is made up of the following parts:

- a) General Part A, covering:
 - i. the process for identifying sensitive areas and drafting the Model”;
 - ii. the Supervisory Body;
 - iii. the terminology used in the Model (Glossary).
- b) Special Part B - Code of Ethics;
- c) Special Part C - List of predicate offences pursuant to Decree 231/01;
- d) Special Part D - Guidelines for managing sensitive areas relating to:
 - i. Crimes against the Public Administration;
 - ii. Crimes of counterfeiting money, public credit cards, revenue stamps and distinguishing marks or signs;
 - iii. Crimes against trade and infringement of industrial property rights;
 - iv. Corporate crimes;
 - v. Crimes against individual persons;
 - vi. Crimes against safety at work
 - vii. Crimes of Receiving, Laundering and Self-Laundering;
 - viii. Environmental crimes.
 - ix. Crimes using foreigners who do not have a right to be in the country;

2.4 Approval of the Model and subsequent amendments/additions

Since, as confirmed by art. 6, paragraph 1, letter a) of the Decree, the Model must be an act issued by the Executive body, it is approved by the Board of Directors.

The Supervisory Body is responsible for supervising the Model's operation and compliance with it, and for updating the Model to adapt it to any changes.

Therefore, if owing to company needs or regulatory requirements, substantial amendments and additions are necessary, such amendments must be put to the Board of Directors for approval.

2.5 Method for creating the Model

The method used to draft and implement the Model involves the following steps:

- identification of senior figure and subordinate subjects to be interviewed so as to understand how the company operates and, therefore, for the general mapping of the sensitive areas;

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- identification of areas potentially exposed to the risk of crimes being committed;
- "risk assessment" of processes relating to the risk areas pinpointed, with a description of any relative critical points encountered;
- identification of solutions and action intended to overcome or mitigate the critical points discovered;
- adjustment and drafting of guidelines relating to the areas identified and potentially involving risk, containing binding provisions for reasonable prevention of the offences described in the Decree;
- development of the Code of Ethics;
- drawing up a disciplinary system of sanctions for non-compliance with the measures indicated in the Model;
- regulation by the Supervisory Body;
- plan for training and communication relative to the Model.

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Section III – The Company's governance model and organisational structure

Imola Tecnica S.r.l. is currently a Company subject to the rules envisaged under heading VI of the Civil Code.

The Company object is:

- the production and marketing of curtain walls, ventilated façades and raised floors, with metal structures, ceramic and non-ceramic faces, including the design, contracting, supply, transporting and, in general, all activities relating to the completion of buildings;
- production, processing and marketing, both wholesale and retail, of materials and systems both for the external cladding of buildings and for interior design, finishing or any type of product for construction, including floors and coverings of any type, and in any case of anything necessary for the construction, restructuring, maintenance and completion of any kind of building, for example, purchasing and marketing insulating material, door and window frames, flashing and any other similar and/or complementary product. Should it consider it appropriate, the company may have those products made by contractors, having third parties assemble or finish them or doing so itself, complete production processes on semi-finished products itself or have them completed by third parties;
- the production, processing and assembly of metal structures, faces and panels necessary for the above-mentioned activities may be performed directly and/or on behalf of third parties

As envisaged in the Articles of Association, “the above-mentioned activities, which may be carried out in Italy or abroad, including on concession or agency mandates and including with participation in tender processes or private bidding at the invitation of the Public Administration and other Public Bodies, private individuals or companies, may be carried out by the company itself, or contracted out, using third parties, or by participation in Temporary Joint Ventures, Consortia, Companies or Bodies which have the same object as the Company”.

“All of the above-mentioned activities and services, including the drafting of expert reports, will be carried out by the company in full compliance with the competence reserved by law for qualified professionals registered on the appropriate Rolls and Lists”.

3.1 Meeting of the Shareholders

The shareholders make decisions on matters reserved for them by law and by the Articles of Association.

Persons with the right to vote at the meeting are the shareholders registered in the business register. In any case, each shareholder has voting rights in proportion to their shareholding.

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3.2 Board of Directors

The company is governed by a Board of Directors made up of three directors who are appointed by the shareholders.

The Board of Directors remains in office for three financial years or, if less, according to the decisions taken by the Meeting.

The Board of Directors has the most wide-ranging powers for ordinary and extraordinary management of the Company, excluding those reserved by law and the Articles of Association to the Meeting of the shareholders.

3.3 Board of Auditors and statutory audit of the accounts

If required by the provisions of the laws in force - that is to say, in those cases envisaged by article 2477 of the Civil Code, or when the shareholders consider it appropriate, the Articles of Association envisage the possibility of the shareholders appointing a board of auditors.

The auditors remain in office for 3 (three) financial years and are usually re-electable.

The Statutory audit of the accounts is performed by an auditor or auditing company entered in the relevant registers.

As at 31 December 2017 the company has no control bodies, having no legal obligation to do so.

3.4 Internal control system

The process-based approach identifies the company's "main processes". Each is subject to a set of targeted activities for keeping it under control, governing and regulating them so that it achieves its designed purpose, but in compliance with the laws and rules establishing the scope of their operations.

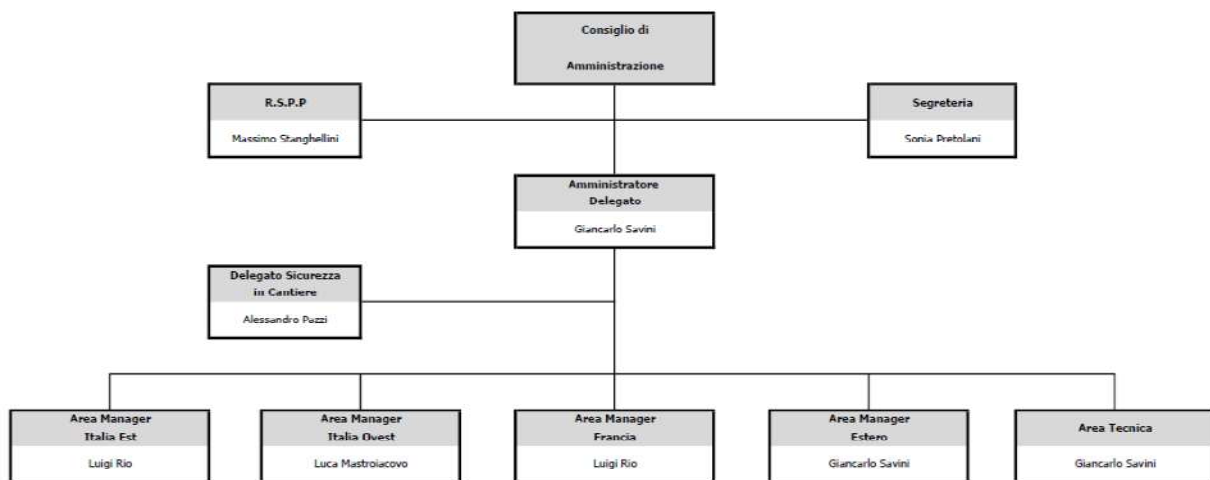
The company has assigned responsibility for the control of every "main process" to the subjects listed below:

- Board of Directors
- Prevention and Protection Service Manager
- Site Safety Representative
- Area Sales Managers
- Technical Manager

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The company's organisational structure is set out in more detail in the following organisation chart:



The company has administrative support from the parent company Cooperativa Ceramica di Imola via an administrative “service” contract, based on which the parent company supplies its own administrative services to the subsidiary, for improved management and optimisation of Imola Tecnica S.r.l. costs. The contract includes the following services:

- Accounting, legal, tax compliance, treasury and finance;
- Management Control Services;
- Computer (IT) Services;
- Logistics Services;
- Marketing Services;
- Personnel administrative, tax and welfare management services;
- Secretarial services. +

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Section IV – The Supervisory Body (S.B.)

4.1 Supervisory Body fundamental requirements

In order to be suitable for a role as a member of the Supervisory Body, a person must meet these requirements:

- autonomy and independence: the S.B. must not be influenced in the execution of its duties, from its appointment—which must be transparent—to actual day-to-day operations, nor should it be assigned tasks which would compromise its objective judgement in verifying the conduct of subjects from inside/outside of the Company. The highest possible hierarchical position is also of fundamental importance, to avoid any feeling of pressure from the Company which would inevitably undermine independent action;
- professionalism: this primarily means a wealth of legal, accounting, company and organisational tools and techniques which the S.B. as a whole, although not necessarily each member of it, must possess in order to do the best possible job in terms of inspection and monitoring. The Body must be not only capable, but also reliable and, as a result, made up of members who are honourable and free of any conflict of interest;
- continuity: particularly in larger companies, it is good practice to have a Body which continuously supervises the Organisational Model, for guaranteeing its constant maximum efficiency, but without measures such as activity scheduling, the recording of meeting minutes and regular reports becoming the mere bureaucratization of S.B. activities.

4.2 Supervisory Body establishment, appointment and replacement

The Imola Tecnica S.r.l. Supervisory Body is established by resolution of the Board of Directors and its members remain in office for the period set when they are appointed.

Appointment as a member of the Supervisory Body is subject to individual eligibility.

For the selection of members of the S.B., the only relevant criteria are those concerning the specific professionalism and competence needed in order to carry out the work of the S.B., respectability and absolute autonomy and independence.

At the time of the Supervisory Body's appointment and, subsequently, on an annual basis, the Board of Directors must acknowledge the existence of the requirements of independence, autonomy, respectability and professionalism of the members of the Supervisory Body.

For the assessment of the requirement of independence, at the time of the appointment and for the duration of their time in office, members of the S.B.:

- must not hold executive or proxy positions on the Company Board of Directors;

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- must not perform operational functions within the Company;
- must have no professional relationships with the Company, with its holding companies, subsidiary or associate companies, or with companies under joint control, which could give rise to real conflicts of interest, nor with the directors who hold delegated powers (executive directors);
- must not be a family member of executive directors, where family means partner not legally separated, relatives and the like up to and including the fourth degree;
- must not be the holders, whether directly or indirectly, of shares in the company;
- must have no convictions (even with plea-bargains pursuant to art. 444 of the Code of Criminal Procedure), for any of the predicate offences envisaged by Legislative Decree 231/2001;
- must not be under investigation, for crimes which the Model is intended to prevent, or for other crimes which the Board of Directors deems serious and incompatible with the role and functions of the S.B.; however, in all of these cases, the Board of Directors may evaluate the arguments of the person in question - and with the agreement of the other members of the S.B. - decide, for justified reasons, not to replace that person, keeping them in office until the outcome of the trial.

In the event that any of the above-mentioned reasons for ineligibility apply to an appointed person, confirmed by a resolution of the Board of Directors, he or she will automatically be removed from office.

The Supervisory Body's powers may only be revoked and assigned to another subject for justified reasons (including those linked to the structural reorganisation of the Company) by special resolution of the Board of Directors.

“Justified reasons” for revoking the powers linked to a member of the Supervisory Body means, by way of example only:

- gross negligence in the performance of the duties linked to the job, e.g.: failure to draft the six-monthly report or the annual summary report on the activities performed, which are required of the Body; failure to draft the supervisory plan;
- “no or insufficient supervision” by the Supervisory Body - as envisaged in art. 6, paragraph 1, letter d) of Legislative Decree 231/2001 - resulting from a guilty verdict, even if not the final judgement, issued against the Company pursuant to Legislative Decree 231/2001 or from a conviction with punishment applied upon request (plea-bargain);
- in the case of an internal member, allocation of operational functions and responsibilities within the company organisation which are incompatible with the requirements of “autonomy and independence” and “continuity of action” of the Supervisory Body. Whatever the case, any organisational measure relating to them (e.g.: ending the working

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relationship, moving to a different job, firing, disciplinary measures, appointment of a new manager) must be the subject of a resolution of the Board of Directors;

- in the case of an external member, serious and ascertained reasons for incompatibility which nullify their independence and autonomy;
- failure to meet even one of the eligibility requirements.

In performing their functions, the members of the S.B. must not find themselves in conflict of interest situations, even potential, deriving from any personal, family or professional reason. Should such situations arise, they must immediately inform the other members of the Body and must refrain from taking part in the relative decisions.

Any decision relating to individual members or the whole Supervisory Body concerning revocation, replacement or suspension are the exclusive responsibility of the Board of Directors.

4.3 Functions and powers

The Supervisory Body is assigned the task of supervising:

- application of the Model: supervising the compliance of conduct within the Company with the Model prepared;
- efficacy of the Model: verifying that the Model prepared is actually suitable for preventing the commission of those crimes envisaged by the Law and subsequent legislation amending its scope;
- advisability of updating the Model, to adapt it to environmental changes and to changes in the company structure.

On a more operational level the Supervisory Body is assigned the task of:

- regularly checking the map of areas involving risk (or “sensitive activities”), so as to adjust it to changes in the company business and/or structure. To that end, the management and persons responsible for control activities in the individual functions may report to the Supervisory Body any situations that could expose the Company to the risk of offences. All communications must be made exclusively in writing or sent by e-mail;
- regularly checking, including through the services of outside professionals, the provisions of the Model, in particular ensuring that the Guidelines and controls envisaged are put in place and documented in the required way and that the ethical principles are respected. However, it should be noticed that control activities are primarily the responsibility of operational management and are considered an integral part of each company process (known as “line control”);

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- checking the suitability and efficacy of the Model in the prevention of the offences indicated in the Decree;
- regularly carrying out targeted checks on certain specific operations or acts set up, above all, within the sensitive activities whose results are summarised in a special report whose content will be exposed during communications with Company Bodies;
- coordinating with other company functions (even through suitable meetings) for an exchange of information intended to keep up to date the areas involving risk of offences/sensitive for:
 - keeping their development under constant control, thereby constantly monitoring them;
 - checking the various aspects relating to implementation of the Model (definition of standard clauses, personnel training, regulatory and organisational changes, etc.);
 - guaranteeing that the corrective action necessary to make the Model suitable and effective is promptly taken;
- collecting, processing and storing all relevant information received about the Model, as well as updating the list of information which must be sent to it. For that purpose, the Supervisory Body has free access to all relevant company documentation and must constantly be kept informed by the management:
 - about aspects of company activity which could expose the Company to the risk resulting from the commission of one of the offences envisaged by the Decree;
 - about relationships with Consultants and partners;
- promoting training and communication initiatives relating to the Model and preparing the necessary documentation;
- interpreting the relevant regulations and checking the suitability of the internal control system relative to those regulatory requirements;
- regularly reporting to the Board of Directors and its Chairman.

The structure identified in this way must be able to act in compliance with the need for acceptance, verification and implementation of the Models required by art. 6 of the Decree, but also, necessarily, the need for constant monitoring of the state of implementation and the actual correspondence of the Models to the prevention requirements of the Decree.

That constant monitoring activity must tend to take two directions:

- if it emerges that the required operating standards are insufficiently implemented, the Supervisory Body is responsible for applying all initiatives necessary to correct this “unhealthy” condition. Depending on the cases and circumstances, this will involve:
 - demanding that the managers of the individual organisational units comply with the conduct Model;

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- directly indicating what corrections and changes must be made to routine business practices;
 - reporting the most serious cases of failure to implement the Model to the managers and workers responsible for control within the individual functions.
- if, instead, monitoring of the state of implementation of the Model reveals the need to adjust it, because it is not suitable for the purpose of avoiding the risk of commission of any of the offences indicated in the Decree, the Body itself will have to take steps to guarantee its updating, as well as the schedules and forms for that adjustment.

As already indicated, for that purpose, the Supervisory Body must have free access to people and all company documentation and the possibility of acquiring relevant data and information from responsible subjects. Finally, all information must be reported to the Supervisory Body.

The Chairman of the Supervisory Body defines the role and duties of any staff partly or wholly dedicated to the Supervisory Body (e.g.: support staff for admin work, etc.).

4.4 Flows of information in relation to the Supervisory Body - Whistleblowing

All recipients of the Model shall provide the Supervisory Body with any information useful for facilitating verification of correct implementation of the Model. In particular:

- i. Process managers (Process Owner and Co-owner) who discover ways to improve the definition and/or application of the prevention protocols defined in this Model shall promptly draft and send to the Supervisory Body a written report containing at least:
 - a) a description of the state of implementation of the protocols for preventing the activities involving risk for which they are responsible;
 - b) a description of activities carried out to verify the state of implementation of the prevention protocols and/or the action taken to improve them;
 - c) justifiable reasons for any need for changes to the prevention protocols and to the related implementation procedures;
 - d) any further content which may be expressly requested by the S.B. on each occasion.
- ii. Process managers (Process Owner and Co-owner) must promptly send the S.B. a written note with any information about:
 - a) the issuing and/or updating of organisational documents;
 - b) changes in responsibility for the functions affected by the activities involving risk;
 - c) the system of company proxies and powers of attorney and any updating of it;
 - d) the main elements of extraordinary operations started and concluded;

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- e) relationships established by the functions/Control bodies within their verification activities, which may give rise to facts, deeds, events or omissions that are critical to compliance with the rules of the Decree or the provisions of the Model and Code of Ethics;
 - f) disciplinary processes started for breaches of the Model, measures for archiving such processes and the relative reasons, application of sanctions for breaches of the Code of Ethics, of the Model or of the procedures established for its implementation;
 - g) the information about the trend of company activities precisely defined in the procedures for implementing the protocols envisaged in the Special Part of the Model.
- iii. All employees and members of the Company bodies must report the commission or alleged commission of the offences indicated in the Decree which they become aware of, as well as any breach or alleged breach of the Code of Ethics, of the Model or of the procedures set out for its implementation which they become aware of. In any case, the following must always be reported:
- a) measures and/or news from judicial police bodies, or any other authority, from which it may be inferred that investigations are under way, even into unknown parties, and which could involve the Company;
 - b) requests for legal assistance forwarded by employees in the event of the start of criminal proceedings against them, unless expressly forbidden by judicial authorities.
- iv. Within the scope of the work they do for the Company, collaborators and all subjects external to the Company must directly report to the S.B. any breaches indicated in the preceding point, provided that the obligation is specified in the contracts connecting those subjects to the Company.
- v. All employees and members of Company Bodies can request clarification from the S.B. concerning the correct interpretation/application of this Model, of the prevention protocols, relative implementation procedures and the Code of Ethics.

To allow prompt compliance with the provisions of this section, the odvimolatecnica@gmail.com e-mail mailbox has been set up, which is for messages to the Supervisory Body from employees, members of Company Bodies and external collaborators. Reports can also be sent by traditional post to the S.B. at the Company's registered office.

Reports may refer to facts or conduct, precise and consistent evidence, considered not compliant with the relevant company rules or in any case indicating an abnormal situation relative to the risk of one of the predicate offences being committed.

The reports are saved by the S.B. using the methods indicated in the S.B. Rules.

Each report is shared within the Supervisory Body and the latter may, at its own discretion, start controls, checks and inspections following reports concerning the steps of each operation involving risk, where possible avoiding interfering with company decision-making processes, but

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promptly intervening with the tools at its disposal to prevent and, if necessary, restrain, any conduct that is against company rules.

The channels for communication to the S.B. specified below are in addition to what is required by art. 6 of Legislative Decree 231/2001 for detailed reporting of illegal conduct or breaches of the Model (known as Whistleblowing).

The reports or messages to the S.B. may alternatively be sent:

- to the e-mail address odvimolatecnica@gmail.com, suitably made known to all addressees of the Model and available to the S.B.;
- to the postal address of the Supervisory Body, established at the Company's registered office.

Based on Decree 231, the S.B. guarantees the confidentiality of reports and of the identity of the persons who send them, subject to legal obligations to report matters to Authorities.

The Supervisory Body must verify that the communication channels guarantee maximum confidentiality for persons who send reports.

Any retaliatory conduct or attitudes and direct or indirect discrimination against persons who make reports is forbidden.

Breaches of the measures for protection of persons who make reports and of the confidentiality of their identity will result in sanctions.

Making groundless reports fraudulently or through gross negligence is forbidden.

The Supervisory Body will assess the reports it receives, and if it sees fit, may summon both the author of the report to obtain more information, and the alleged perpetrator of the offence, also carrying out all inquiries and investigations necessary to verify the credibility of the report.

If the report is found to be credible, the S.B. will:

- for breaches by employees, immediately inform the Board of Directors in writing, to start the consequent actions;
- for breaches of the Model and/or the Code of Ethics, which are considered to have been committed, by Company Directors, immediately informs the Board of Directors.
- for breaches of the Model and/or the Code of Ethics, which are considered to have been committed, by Senior Figures, immediately informs the Board of Directors.

Breaches of the obligations to provide information to the S.B. referred to in this point are breaches of the Model and are subject to the provisions in section C below.

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4.5 Reporting by the Supervisory Body to the Company Bodies

The Supervisory Body reports directly to the Board of Directors in order to protect its autonomy. The Supervisory Body is responsible for communicating the following to the Board of Directors:

- ◆ at the start of each financial year: the plan of activities it intends to carry out in order to fulfil the duties assigned to it;
- ◆ regularly: the state of progress of the plan defined and any changes made to the plan, giving reasons for them;
- ◆ immediately: any significant problems resulting from the activities;
- ◆ providing a written report, at least annually, about implementation of the Model by the Company.

The Supervisory Body may also communicate, assessing the individual circumstances:

- 1) the results of its inquiries to the managers of the functions and/or the processes, if the activities reveal aspects which can be improved. In such cases, the Supervisory Body must obtain an action plan from the process managers, with relative schedule, for the activities that can be improved on, as well as the specifics of the operating methods necessary for implementation;
- 2) indicate any conduct/actions not in line with the Code of Ethics and with company procedures, so as to:
 - acquire all elements for any communications to be made to the relevant structures for assessment and application of disciplinary sanctions;
 - prevent the event from being repeated, by providing instructions on how to eliminate shortcomings.

The Supervisory Body must report the activities indicated in point 2) to the Board of Directors as quickly as possible, also requesting support from other company structures, which can help with inquiries and identification of the action which can prevent such circumstances from being repeated.

The Supervisory Body must also immediately inform the Board of Directors if a breach is committed by a member of the Company top management.

Copies of the relative reports will be saved by the Supervisory Body and by the bodies involved on each occasion.

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4.6 Composition

Legislative Decree 231/2001 provides no indications concerning the composition of the Supervisory Body. On the other hand, relevant guidelines indicate a series of alternative solutions in terms of composition.

Imola Tecnica S.r.l. has adopted a solution which, taking into account the purposes of the law, is able to ensure, for its size and organisational complexity, the effectiveness of the controls for which the supervisory body is intended.

In compliance with art. 6, paragraph 1, letter b) of Legislative Decree 231/2001, Imola Tecnica S.r.l. identified its own supervisory body (hereinafter, "Supervisory Body" or "S.B.") as being of the single judge type, consisting of an external professional who must possess and document both the professional and expertise requirements for carrying out the functions, and the personal requirements of respectability and independence which are crucial to their independent action.

Considering the composition defined, in order to fulfil the role and function of Supervisory Body, the afore-said body will be supported by all company internal functions and may also call on the support of external subjects whose professional contribution may be necessary on each occasion, having specific qualifications in the subjects relating to the offences envisaged by Legislative Decree 231/2001. For that purpose, an initial amount of € 10,000.00 is made available for the activity, subject to any necessity of increasing that amount in relation to the needs revealed.

4.7 Information collection and archiving

Any information, communication or report envisaged in the Model is saved by the Supervisory Body in a special computer database and/or on paper.

Data and information kept in the database is made available to subjects external to the Supervisory Body subject to the authorisation of the Body itself.

The latter defines the criteria and condition for accessing the database using special internal provisions.

Section V – The disciplinary system

In order to assess the efficacy and suitability of the Model in preventing the offences indicated in Legislative Decree 231/2001, a disciplinary system must be established which is suitable for identifying and sanctioning conduct which breaches the provisions of the Model and, therefore, may favour the commission of offences in the interest or for the benefit of the Company.

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In fact, such breaches damage the relationship based on transparency, appropriateness, trust, integrity and credibility between the Company and the Directors, Employees and Collaborators and Consultants, and may result in the application of disciplinary action against the persons involved, irrespective of a criminal conviction whether or not the conduct is a type of offence.

5.1 Scope of application

The disciplinary system in question applies to all Company Workers, including Executives and Directors, as well as Consultants and Collaborators and anyone having contractual relationships with the Company for performing any work, including employment agencies and service contractors.

The sanctions envisaged in the following paragraphs may be applied, depending on the level of seriousness, in the case of disciplinary offences deriving from:

- a) non-compliance with the provisions of the Model;
- b) missing or untrue evidence of the activity performed relative to the methods of documentation, saving and control of deeds envisaged by the Guidelines in such a way as to prevent the transparency and verifiability of the activity;
- c) failure by hierarchical superiors to supervise their subordinates in order to verify the appropriate and effective application of the provisions of the Model;
- d) if within their area of responsibility, failure to provide training and/or to update and/or to communicate with personal operating in the areas involving risk the processes covered by the Model;
- e) breach and/or evasion of the control system, by removal, destruction or alteration of the documentation envisaged by the Guidelines or preventing the control or access to the information and documentation by eligible subjects, including the Supervisory Body;
- f) direct or indirect retaliatory, penalising or discriminating action against subjects who send reports to the Supervisory Body envisaged in the preceding Section Four, by anyone, even hierarchical superiors;
- g) breach of the measures for protection of persons who make reports and of the confidentiality of their identity;
- h) fraudulently or through gross negligence making reports to the Supervisory Body which prove groundless.

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5.2 Enforceability

Disciplinary sanctions shall be enforced irrespective of any criminal proceedings, since the rules of conduct imposed by the Model and internal procedures are binding for the addressees and autonomous relative to the offence which such conduct could lead to.

Any imposing of disciplinary sanctions, irrespective of whether or not criminal proceedings and/or a criminal conviction are in place, must, as far as possible, be based on the principles of timeliness, immediateness and justice.

5.3 Sanctions for Company Representatives

5.3.1 Disciplinary sanctions against Employees

The provisions of the Model are an integral part of the contractual obligations accepted by Employees.

Therefore, breaches of legal regulations, the Code of Ethics and the Guidelines appended to the Model, committed by Employees, and, in general, using conduct which exposes the Company to application of the measures envisaged by Legislative Decree 231/01, including as related to reports to the S.B., protection of confidentiality and of personal data, may result in preventive or expulsion sanctions.

The type and extent of each of the above-mentioned sanctions specified in section 5.2 of this Disciplinary System, will also be applied taking into account:

- whether or not the conduct showed intent or a degree of negligence, imprudence or inexperience regarding the predictability of the event;
- the overall conduct of the Worker, and in particular whether or not they have a history of disciplinary proceedings, within the legal limits;
- duties of the Worker;
- functional position of the persons involved in the facts constituting the non-compliance;
- other special circumstances surrounding the disciplinary offence.

Breach of the provisions may constitute non-compliance with contractual obligations, pursuant to articles 2104, 2105, 2106 and 2118 of the Civil Code, 7 of Law 300/70, and Law 604/66, of the National Collective Labour Agreement applied and in force, where the most serious cases have recourse to art. 2119 of the Civil Code

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Below is the scale of sanctions applicable to Employees, always subject to contractual and *pro tempore* legal provisions whose content must always take precedence over what is set out in this document.

Verbal warning

Sanction for perpetrators of a minor failure to comply with the provisions of the Model, or who have adopted slightly negligent conduct which does not comply with the requirements of the Model.

Written warning

Sanction for perpetrators of acts punishable with a verbal warning but which, because of specific consequences or recidivism, become more significant (repeated breach of the Guidelines of the Model or repeated conduct which does not comply with the requirements of the Model).

Fine of up to an equivalent to 3 hours of pay

Sanction for multiple breaches of the provisions of the Model or, while performing activities in the areas involving risk, adopting conduct on multiple occasions which does not comply with the requirements of the Model, such conduct being construed as deliberate non-compliance with Company provisions.

Suspension from work and of up to 3 days' pay

Sanction for persons who breach the provisions and procedures of the Model or, while performing activities in the areas involving risk, adopt conduct which does not comply with the requirements of the Model, or in any case perform acts which go against the interest of the Company, damaging the Company or exposing it to an objectively dangerous situation for the integrity of its assets.

Dismissal with notice

Sanction for persons whose conduct does not comply with the requirements of the Model and aims solely to commit an offence sanctioned under Legislative Decree 231/01, with that conduct causing significant damage to or considerably compromising the Company.

Dismissal for misconduct (immediate)

Sanction for persons whose conduct is clearly and deliberately in breach of the Model and such that it causes the Company to take the action envisaged in Legislative Decree 231/01, being construed as conduct which breaches the relationship of trust with the Company.

Temporary suspension

Investigation of breaches of the provisions of the Model, and of inadequate supervision and late information to the relevant body concerning breaches by subordinates, may lead to Executives being temporarily suspended from work, with pay, and, also temporarily, for a period not longer than three months, assignment to different duties, pursuant to art. 2103 of the Civil Code.

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5.3.2 Disciplinary sanctions against Executives

In the course of their work, the Company's senior figures must comply with and ensure that their collaborators comply with the requirements of the Model.

By way of example, the following conduct by an executive in breach of the requirements of the Model are subject to sanctions:

- failure to supervise personnel hierarchically dependent on them, to ensure compliance with the requirements of the Model for work done in the areas involving risk of offences and for activities involved in operating processes where there is a risk of offences;
- failure to report non-compliance and/or failures to fulfil the obligations of the Model which they become aware of, therefore rendering the Model ineffective with consequent potential danger to the Company of sanctions pursuant to Legislative Decree 231/2001;
- failure to report to the Supervisory Body critical situations relating to the performance of activities in areas involving risk of offences, encountered during monitoring by the relevant authorities;
- personally committing one or more serious breaches of the requirements of the Model, resulting in the commission of the offences indicated in the Model, exposing the Company to the application of sanctions pursuant to Legislative Decree 231/2001;
- commission of direct or indirect retaliatory, penalising or discriminating action against subjects who send reports to the Supervisory Body envisaged in the preceding Section Four;
- breach of the measures for protection of persons who make reports and of the confidentiality of their identity;
- fraudulently or through gross negligence making reports to the Supervisory Body which prove groundless.

Should senior figures breach the provisions and rules of conduct in the Model, Imola Tecnica S.r.l. applies to them the measure considered most suitable in compliance with the applicable regulations. If the breach of the Model breaks the trust between the Company and the subject, the sanction is dismissal.

In particular, the Board of Directors is responsible for managing the disciplinary procedure. The Personnel department will ensure suitable notification of the Supervisory Body.

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5.3.3 Disciplinary sanctions against Directors

For breaches of the requirement of the Model or the rules of conduct of the Code of Ethics by the Company's Directors, the Supervisory Body informs the Board of Directors which takes the appropriate action envisaged by the regulations in force.

5.4 Measures for Collaborators, Consultants and business partners

Contracts entered into by the Company with Collaborators, Consultants and business partners must contain special declarations of awareness of the existence of the Code of Ethics and, if the activities performed require it, of any Company Guidelines and the obligation to comply with them.

Contracts with the afore-mentioned subjects will include specific clauses committing those subjects to inform their own Employees, consultants and third parties in general who carry out their services at or for the Company, of the risks of the Company's administrative liability, of the existence of the Code of Ethics and if the activities performed require it, of any Company Guidelines and the obligation to comply with them.

It is the responsibility of the company function which uses the subjects in question, and which in any case is designated responsible for the process involving the activities, to collect all information and news which allows a knowledge and assessment of the conduct of those subjects.

Should the S.B. request it, that data must be made available to it, to allow it to perform its functions.

Contracts with such subjects will contain a specific clause for withdrawal and/or termination of the contract linked to non-compliance with those obligations, without prejudice to claims for compensation by the Company if such conduct proves damaging to the Company.

5.5 Imposing sanctions

5.5.1 Sanctions against Employees

Following a written report by the Manager of the relevant Function, or by the S.B. or even by a third party, which may be anonymous, indicating breaches of the Model, the Company's Board of Directors, supported by the parent company's personnel office, begins disciplinary proceedings and prepares pursuant to the usual *pro tempore* methods adopted.

The Function Manager, together with the Company's Board of Directors, is responsible for imposing the sanction.

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5.5.2 Sanctions against Executives

As indicated in section 5.3 of this Disciplinary System, the responsibility for assessing reports by the Supervisory Body, or the other control bodies, about potential censurable conduct by Executives lies exclusively with the Board of Directors.

5.5.3 Sanctions against Directors

As indicated in section 5.3 of this Disciplinary System, the responsibility for assessing reports by the Supervisory Body, or the other control bodies, about potential censurable conduct by Directors lies exclusively with the Board of Directors.

Following a report, which must be received in writing, the Board of Directors, exercising the powers assigned, assesses that report and, if considered necessary, requests further information and the application of measures in the time frames and according to the methods established by the law and *pro tempore* statutory provisions.

5.5.4 Sanctions against Collaborators, Consultants and business partners

With regard to sanctions which may be imposed against Collaborators, Consultants and business partners, the relative decisions are the responsibility of the *pro tempore* Function Manager holding a suitable proxy for exercising the right to withdraw from or terminate the contract.



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Section VI - Circulating the Model and training addressees

6.1 Employees

In order to make this Model effective, the Company aims to ensure that Company Representatives are familiar with the rules of conduct contained in it and that those rules of conduct are circulated. Training, awareness-raising and information applies to all personnel, including senior figures and all existing and future company human resources.

The level of training and information differs according to the extent of the resources' involvement in "sensitive activities".

6.2 Collaborators, Consultants and Partners

Other Addressees, in particular suppliers and consultants, will be provided by the company functions that are officially in contact with them, with suitable information about the policies and procedures adopted by the Company based on the Model, and the effect on contractual relationships of conduct that goes against the requirements of the Model or the regulations in force.

Where possible, contracts will include specific clauses intended to govern such consequences.

Appendix 1: List of Offences and applicability for Imola Tecnica;