



## Tissue Machinery Company S.p.A.

Head office in Castel Guelfo (BO), Via I Maggio 3/Z, I. Poggio Piccolo

### ORGANISATION,

### MANAGEMENT AND CONTROL MODEL

under Legislative Decree no. 231 of 8 June 2001

on "Corporate Administrative Liability"

### General Section

*The present "Organisation, Management and Control Model" ("Model or Organisation Model") of TMC S.p.A. has been written and revised in accordance with the provisions of Articles 6 and 7 of Legislative Decree no. 231/2001.*

*The "Organisation Model" is the management reference designed to be the tool for prevention of the offences provided for by the aforementioned Leg. Dec. in accordance with the corporate ethical policy adopted by the Company.*

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**A. DEFINITIONS**

<i>Director(s)</i>	Member(s) of TMC S.p.A. Board of Directors.
<i>Managing Director</i>	The director in charge of implementing the executive actions aimed at pursuing the business purpose; also the holder of the powers of ordinary management of the Company and of representation necessary for the performance of the above duties, with the exceptions outlined in the nomination letter.
<i>At-risk and sensitive activities</i>	Processes, operations or actions, or a set of operations and actions, during which it is theoretically possible for individuals working within the Company's organisation to commit one of the Predicate Offences.
<i>Areas at risk of offence</i>	The functions, offices or departments within which, in theory, the Offences could be committed.
<i>National Labour Collective Agreement (CCNL)</i>	National Labour Collective Agreements applied by TMC.
<i>Code of Ethics</i>	IMA's Code of Ethics adopted by the Company and approved by the TMC Board of Directors, the full text of which can be viewed on the TMC intranet and website. It states the general rules of conduct, recommendations, obligations and prohibitions on which the Company's operations are based, and with which employees are expected to comply. For the purposes of the Organisational Model, reference to the "Code of Ethics" is limited exclusively to those rules of conduct and behaviour (specified therein) the breach of which and/or failure to comply with which may result in (or be instrumental to) the commission of a Predicate Offence.
<i>Board of Statutory Auditors</i>	Mandatory body exercising the duty of supervision over the company's activities in order to comply with the law, the Bylaws and the principles of proper administration, in particular with regard to the adequacy of the organisational, administrative and accounting structure adopted by the Company and its concrete functioning.
<i>Board of Directors</i>	TMC's Board of Directors.
<i>Collaborators</i>	This term refers to any individual with an ongoing collaboration agreement, also with powers, with TMC, but without any restriction of permanent employment, agency, representation and/or other professional relations that are not of a permanent nature.

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<i>Consultants</i>	Persons acting in the name and/or on behalf of TMC by virtue of a mandate agreement or other professional collaboration arrangements.
<i>Parent company or IMA S.p.A. or IMA</i>	IMA Industrie Macchine Automatiche S.p.A., which holds 82.5% of TMC share capital.
<i>Corporate Governance</i>	The set of standards, regulations and procedures for TMC corporate governance.
<i>Legislative Decree no. 231/2001 or Decree 231/2001</i>	Legislative Decree no. 231 of 8 June 2001 as amended.
<i>Recipients</i>	The individuals required to comply with the provisions of this Model under the terms of the Decree, including but not limited to the executive bodies, directors, auditors, employees, consultants, agents, collaborators and partners and anyone acting on behalf of the Company, and anyone who directly or indirectly, on a permanent or temporary basis establishes any legal or de facto relationship or collaboration in the interests of the Company.
<i>Employees</i>	All persons with a permanent contract of employment or a parasubordinate relationship with TMC S.p.A., including the managers.
<i>DUVRI o Third Party Risk Assessment Report</i>	Written document, envisaged by art. 26 of Leg. Dec. no. 81/2008, which assesses risks and states the measures adopted to eliminate or, where that is not possible, minimise the risks from interference between the activities entrusted to contractors and freelance workers, and their eventual subcontractors, and the activities carried out in the same workplace by the Customer. This document informs the economic entities in charge of the specific risks present in the place where they are to operate and the preventive and emergency measures adopted; it is usually attached to the contract.
<i>Entity</i>	The term used in Leg. Dec. no. 231/2001 to indicate the legal entity with responsibility for the purposes of the Decree.
<i>Suppliers</i>	Suppliers of TMC goods and services who are not defined as Partners.
<i>Guidelines</i>	"Guidelines for the construction of organisation, management and control models pursuant to Legislative Decree no. 231/2001", prepared by Confindustria in March 2014 (approved by the Ministry of Justice on 21 July 2014).
<i>Model, Organisation Model or MOGC</i>	The Organisation, Management & Control Model adopted by TMC, in accordance with articles 6 and 7 of the Decree. The Model consists of the General Section, the Special Sections and the Appendices.

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<i>Corporate Executive Bodies</i>	TMC's Board of Directors and Board of Statutory Auditors
<i>Supervisory Committee</i>	The individual/committee responsible for supervising the functioning of and compliance with the Model and its updating at TMC in accordance with Article 6 of Legislative Decree no. 231/2001.
<i>Partner</i>	A party (including customers) with whom TMC has established a contractual relationship, and one that cooperates with TMC with regard to the at-risk activities.
<i>General Section</i>	The section of the Model that contains among other things a description of the functions of the Model and of the Supervisory Committee, as well as a description of the organisation and structure of TMC.
<i>Special Section(s)</i>	The sections of the Model expressly dedicated to each Offence identified as being relevant to TMC's business. They describe the characteristics of the offences, the areas and activities at risk of those offences, the main characteristics of the control and prevention system, and the auditing and monitoring activities of the Supervisory Committee.
<i>Company procedures</i>	Indicates the individual organisational and management procedures adopted by the Company and an integral part of the Organisation Model (including system documents (DS), procedures (PR), operating instructions (IO), forms (Mod.), SGQ, SGSL and SGA procedures and Integrated SAP information system procedures).
<i>Public Administration (P.A.)</i>	Public Administration (P.A.) refers to all the public-law institutions (government, ministries, regional, provincial and municipal authorities), public-law organisations (agencies, contracting authorities, public/private companies etc.), and any other entity acting in the interests of the community and therefore in the public interest.
<i>Offences or Predicate Offences</i>	The offences governed by the Decree. TMC's Organisation Model contains a list of the Predicate Offences under the Decree, and has been updated to the date on which the Organisation Model was published.
<i>Area/Department Manager</i>	The director or manager responsible for the different areas or functions of TMC.
<i>RSGI</i>	The Management Systems manager.
<i>System of Internal Control</i>	The set of procedures, processes and practices (including system documents (DS), procedures (PR), operating instructions (IO), forms (Mod.), SGQ, SGSL and SGA procedures and Integrated SAP information system

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	procedures) adopted by TMC for the governance and control of all company activities.
<i>Environment Management System ("SGA")</i>	the environment management system compliant with standard UNI EN ISO 14001 adopted by TMC.
<i>Quality Management System ("SGQ")</i>	The quality management system compliant with standard ISO 9001 adopted by TMC.
<i>Health and Safety at Work Management System ("SGSL")</i>	The safety management system compliant with standard ISO 45001 – edition 2018 (previously compliant with OHSAS 18001 – edition 2007), adopted by TMC.
<i>Management Systems or Integrated Management Systems or SGI</i>	The set of management systems comprising SGA, SGQ and SGSL.
<i>SAP information system</i>	The Enterprise Resource Planning (ERP) system that supports and automates TMC company processes. Since 2022 TMC has used IMA'S ERP SAP system
<i>Key Personnel</i>	The individuals with the power to make their own decisions in the Company's name and on its behalf, within the limitations of their respective authorities. Under Article 5(1) lett. a) of Legislative Decree no. 231/2001 these individuals hold positions of representation, administration or direction of the Company or one of its divisions, with financial and functional autonomy, as well as the individuals who exercise the management and control of that division also on a de facto basis.
<i>Individuals subject to third-party direction or Directed persons</i>	Persons subject to the direction and supervision of Key Personnel as identified in art. 5(1), lett. b) Leg. Dec. no. 231/2001.
<i>TMC or Company</i>	Tissue Machinery Company S.p.A. (hereafter TMC S.p.A.), registered office in Castel Guelfo di Bologna (BO), via I Maggio n. 3.

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**B. PREAMBLE**

This Organisation Model, approved and adopted by the TMC Board of Directors on 27.04.2023, replaces the model originally adopted on 21 July 2020 (as amended). It is an update to the previous model, which was needed following changes in the law, case law and legal opinion, and the evolution of the Company's organisation – with particular reference to the merger by incorporation of Asset Management Service S.r.l. into TMC, previously entirely controlled by the Company – as well as the findings of the mapping of the at risk areas and activities within TMC. TMC's objective is to obtain an effective operational tool that will minimise the risks governed by Decree no. 231/2001, in addition to all the other measures in place for control and transparency purposes.

**C. LEGISLATIVE DECREE NO. 231/2001 - "Rules on the administrative liability of legal persons, companies and associations including those without legal status"**

**1. GENERAL PRINCIPLES**

Legislative Decree no. 231 of 8 June 2001, which enacted art. 11 of Law no. 300 of 29 September 2000, introduced into Italian law - in addition to the criminal liability of the individual who committed the offence - the criminal liability of the organisation which derived an interest and/or benefit from that offence.

In accordance with international and EU obligations, the Decree introduced into Italian law a form of direct, autonomous liability of collective enterprises connected to the committing of specific offences. This liability has been defined "administrative", but essentially represents a true form of criminal liability.

**2. THE INDIVIDUALS**

The individuals whose criminal activity is associated with liability for a corporate entity must be linked to the same by a contract of employment and/or a contract deriving from mandate received from Key Personnel (suppliers, consultants, collaborators etc).

In particular, art. 5 of Legislative Decree no. 231/2001 identifies:

- a) individuals occupying positions of representation, administration or direction of the Company or one of its units with functional financial autonomy, known as "Key Personnel";
- b) individuals who effectively carry out the management and control of the Company;
- c) individuals subject to the direction or supervision of one of the persons referred to in subparagraphs a) and b) above.

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The legislator has given special significance to "de facto" situations, i.e. those where the powers necessary for independent action cannot immediately be deduced from the individual's role within the organisation, or from official documentation such as delegations and powers of attorney.

Article 6 of the Decree provides that, where the offence has been committed by Key Personnel, the Company is not liable if it can be proven that:

- a) the executive body had adopted and effectively implemented an organisation, management and control model intended to prevent the offences under the Decree, before the offence was committed;
- b) a "body" with independent decision-making and control powers had been entrusted with the task of supervising the functioning, observance and updating of the models;
- c) the individuals who committed the offence fraudulently evaded the organisation and management models;
- d) there were no instances of inadequate supervision by the Supervisory Committee.

Article 7 provides that the Company is liable if an individual subject to third-party direction was able to commit the offence as a result of non-compliance with the obligations of direction and supervision. Those obligations are considered to have been fulfilled (subject to proof to the contrary, to be demonstrated by the public prosecutor), if the Company had effectively adopted the preventive Organisation Model.

### **3. THE INTEREST OR BENEFIT FOR THE COMPANY**

In order for corporate liability to be attributed to the Company, the unlawful conduct must also have taken place "in the interest of or for the benefit of the Company"<sup>1</sup>, and it is expressly

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<sup>1</sup> *Regarding the liability of legal entities and companies from criminal offenses, the regulatory expression, which identifies its condition in the commission of crimes "in its interest or for its benefit", does not contain a hendiadys, because the terms refer to legally different concepts, being able to distinguish an interest "upstream" due to undue enrichment, prefigured and perhaps not realised, as a consequence of the offense, from an advantage objectively achieved with the commission of the crime, even if not proposed ex ante, so that the interest and advantage are in real competition.*  
*Court of Cassation Criminal Chamber Sect. II, 20.12.2005 no. 3615.*

*Certainly, the requirement of interest or benefit of the Entity, as a criterion for the objective attribution of liability of the entity itself, can also be supplemented by indirect benefit, understood as being the acquisition for the company of a privileged position on the market arising from the offence committed by key personnel. Nevertheless, the very nature of the criterion of attribution of liability recognised by law requires the concrete and non-abstract affirmation of the existence of such an interest or benefit, to be understood respectively as potential or actual usefulness, although not necessarily of a financial nature, received by the entity as a result of committing the predicate offence.*  
*Court of Milan – order of 28.04.2008*

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excluded in cases where the offence was committed "exclusively in the personal interest or that of a third party" or reduced, in terms of penalties, if the crime was committed in the prevailing interest of the person or of third parties or if the benefit of the entity was minimal or absent.

Specifically, the Court of Cassation has affirmed that the Entity is not liable for an administrative offence if the offence was committed in the exclusive interests of the individual or a third party and was not even partially linked to the interests of the Entity, or in cases in which the company and its executive bodies cannot be said to be one and the same.

With the exception of the above, the Entity will not be liable for an act committed by an employee or representative if it can prove that it took the measures needed to prevent offences of that type from being committed (the adoption and effective implementation of the Model).

The courts have also underlined that the liability of the Entity under Legislative Decree no. 231/2001 descends from "fault within the organisation" of the legal entity (among many, see Court of Cassation Criminal Section VI, 18-02-2010 - 16-07-2010, no. 27735). Non-adoption of the Organisation Model in the presence of the objective and subjective grounds indicated above (the offence was committed in the interests or for the benefit of the company, and the perpetrator holding a key position) is enough to constitute grounds for punishment as referred to in the Ministerial Report on the Legislative Decree and will represent an offence consisting of failure to take the necessary organisational precautions that would prevent such offences. This implies a new "regulatory" form of fault for organisational or operational omissions, as the legislator has drawn the reasonable, legitimate and well-founded conclusion – given the events that have occurred in recent decades in the business world – that any organisation defined as an Entity under Art. 1(2) of Legislative Decree no. 231/2001 should adopt an organisation and management model designed to prevent certain offences, which experience has shown to come from structured and significant interests<sup>(2)</sup>. This "fault within the organisation" takes on specific relevance in the context of corporate groups.

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<sup>2</sup> Court of Cassation Criminal Division Section VI – 9.07.2009 no. 36083

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**4. PREDICATE OFFENCES TRIGGERING APPLICATION OF DECREE 231/2001**

The Decree expressly identifies the offences, infringements and crimes that can trigger the company's liability in the event that the offence was committed in its interests or for its benefit. Annex A lists the offences governed by the law (the "Offences"), divided by category.

**5. PENALTIES**

The penalties provided for under Legislative Decree no. 231/2001 are:

- i. Financial penalties, which are always applied in cases where the Company's liability is ascertained, according to a quota system based on the gravity of the offence and the company's financial standing, for the sole purpose of "guaranteeing the effectiveness of the penalty". These penalties are applied according to a two-phase system: firstly the number of quotas is determined, within the limits indicated by the regulations, in view of the seriousness of the fact, the degree of responsibility of the entity and the activity carried out to eliminate or mitigate the consequences of the fact and to prevent the commission of further offences, and subsequently each quota must be assigned its own value. Art. 10 of the Decree establishes that the number of quotas may neither be below 100 nor above 1000 (the law identifies for each offence the minimum and maximum number of quotas), and specifies that the amount of the individual quota must be within a range of €258.23 to €1,549.37; notwithstanding the possibility of reducing or increasing the financial penalties, respectively below or above the limits, in the cases expressly provided for by the Decree;
- ii. disqualification sanctions (disqualification from exercising the activity; suspension or revocation of authorisations, licenses, concessions, functional to the commission of the offence; prohibition of negotiation with the Public Administration; exclusion from incentives, financing, contributions or subsidies and possible revocation of those already granted; prohibition of publicising goods or services), are added to the financial penalties and have a duration of no less than three months and no more than two years and, as a general rule, can become definitive. Their application is contemplated solely in relation to the Predicate Offences that expressly envisage them and solely in the event the entity has profited considerably from the offence and the offence has been committed by Key Personnel, or by Directed persons thanks to serious organisational deficiencies, or, alternatively, in the event of repeat offences. They are envisaged in relation to their dissuasive effectiveness, as they are capable of profoundly affecting the organisation, operation and activity of the company. Disqualification sanctions, where the conditions are met, may also be imposed as a precautionary measure during preliminary investigations for a maximum period of one year, or following a first instance conviction, together with the sanctions applied, for a similar period to the aforesaid penalty and, in any event, no longer than one year and four months. The prerequisites for the imposition of precautionary disqualification measures are the presence of serious indication of guilt

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on the part of the entity (*fumus boni iuris*) and the existence of well-founded and specific information leading to the conclusion that there is a real danger of the repetition of offences of a similar nature (*periculum in mora*).

- iii. publication of the conviction sentence, which may only be ordered when a disqualification sanction is applied to the Entity, consists in the publication, in whole or in part, of the notice of conviction of the Entity on the Ministry of Justice website, and the posting at the Town Hall where the company has its registered office;
- iv. confiscation of the price or profit of the crime, or equivalent if the price or profit cannot be confiscated directly; this penalty is always ordered following the conviction of the Entity. By way of real precautionary measures, the standard provides for the possibility of resorting to preventive seizure, usually involving confiscation, whether direct or equivalent, or of a conservative nature, in the event there are well-founded reasons for believing that the guarantees for payment of financial penalties, costs of proceedings and/or any other sum due to the State Treasury may be lost or missing.

**6. THE EXEMPTING EFFECT OF AN ORGANISATION MODEL**

The "exempting" effect of an organisation and management model is subject to its having been adopted before the offence was committed. Where adopted after the offence was committed, the model can lead to a reduction in the penalties, and avoid the imposition of precautionary disqualification sanctions. Where adopted after the conviction, but within twenty days of notification of the extract of the judgement, together with compensation for damages and restitution of the illicit profit, it can lead to any disqualification sanction given being converted into a financial penalty. The Court of Cassation has underlined on several occasions (for example, in judgement no. 36083/2009) that the absence of an Organisation Model effectively prevents any defence of the Entity in the face of objections to a predicate offence committed by key personnel.

**7. REQUIREMENTS OF THE MODEL**

In order for a model to be considered effective and fit for its purpose, it must materially fulfil the following requirements:

- identify the areas and activities at risk where offences may be committed;
- envisage specific protocols designed to plan training and implement the decisions of the entity in relation to the crimes to be prevented;
- identify the procedures for managing financial resources in order to prevent offences from being committed;
- define the flows of information to and from the Supervisory Committee;
- introduce a system of internal disciplinary measures intended to sanction non-compliance with the measures indicated;
- establish one or more channels to allow Key Personnel or Directed persons to submit, under the protection of the entity, reports of wrongdoing, relevant under the Decree

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and founded on precise and concordant information, or breaches of the MOGC which the whistleblower witnesses while carrying out his/her duties. These channels must guarantee the confidentiality of the whistleblower while the report is processed.

When preparing the Model, and for the purpose of subsequently evaluating its fitness for purpose, due regard should be given to relevant court decisions and the criteria established in them.

Among other things, the Model must also contain details of the financial resources intended to prevent and impede the committing of offences.

The fact of being owned by a different company, IMA S.p.A., is particularly relevant in terms of the suitability of the model. Updates to and adaptations of the Organisation Model cannot ignore legislative developments in relation to a Parent company's administrative liability for predicate offences committed by personnel (key or otherwise) belonging to the parent companies.

**8. GUIDELINES**

Article 6 of the Decree provides that Organisation, Management and Control Models can be adopted on the basis of codes of conduct drawn up by representative associations and notified to the Ministry of Justice. Therefore, in preparing this document, the Company has taken account of the Guidelines - as defined in the "Definitions" - by making considered choices in order to customise and adapt the principles laid down by the legislator to its own specific situation.

However, it is specified that the (necessarily general and standardised) information given in the Confindustria Guidelines has at times been supplemented or adapted, where deemed necessary, to adapt the principles contained therein to the Company's own specific circumstances.

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**D. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL (MOGC) OF TMC**  
**S.p.A.**

TMC formally adopted its own Organisation Model on 13 October 2017, focusing mainly on the crimes provided for under art. 25-*septies* of the Decree. TMC has reviewed and updated its Organisation Model over time.

This Organisation Model has been drawn up and adopted in consideration of the following:

- changes in the regulatory framework;
- the corporate and organisational changes occurring since the Organisation Model was adopted;
- changes in case law and legal opinion;
- considerations based on experience from application of the Model over the years;
- the best practices used by Italian companies in relation to the drafting and management of organisation models;
- the results of the supervisory activities carried out since the Organisation Model was first applied;
- the Guidelines, it being specified, however, that the (necessarily general and standardised) information given in the Guidelines has at times been supplemented or adapted, where deemed necessary, to adapt the principles contained therein to TMC's own specific circumstances;
- specifically with regard to health and safety at the workplace, the stipulations contained in Article 30 TUS and that stated in the applied SGSL.

**1. CHARACTERISTICS OF THE MODEL**

This Organisation Model aims to equip TMC with a set of behaviour principles and protocols, as well as organisational and internal control tools, that fulfil the requirements and provisions of the Decree, both in crime prevention and in control of the implementation of the Organisation Model and any application of penalties. The Model therefore includes the following organisational and control tools:

- The Code of Ethics: the Code of Ethics outlines the principles of the company philosophy behind the decisions and conduct of all those acting on behalf of and in the interest of the Company at various capacities and levels, with which they must comply in accordance with current laws and regulations;
- Company authorisations: the system of company authorisations enables the identification of those authorised to operate in the name and on behalf of the Company and facilitates the organic management of the powers necessary for the functioning of company's activities (cited documents include organisation charts, proxies, internal appointments, etc.);

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- Quality management system - SGQ: the Quality Management System compliant with standard ISO 9001 in relation to the “*Design, manufacture, installation and support of automatic packaging machines. Sale, spare parts, retrofits and ancillary units. Procedures for carrying out weighing activities to determine the “Verified Gross Mass of the container” (VGM) according to Method 2 Chapter VI Rule 2 of the SOLAS 74 Convention as amended*”;
- Safety management system - SGSL: the Safety Management System compliant with standard ISO 45001 – edition 2018 (previously compliant with OHSAS 18001 – edition 2007), in relation to the “*Design, manufacture, installation and support of automatic packaging machines. Sale, spare parts, retrofits and ancillary units*”;
- Environment management system - SGA: the Environment Management System compliant with standard UNI EN ISO 14001 in relation to the “*Design, manufacture, installation and support of automatic packaging machines through assembly and testing phases. Sale, spare parts, retrofits and ancillary units*”;
- SAP Information System: the ERP system that automatically manages Company processes;
- Company Procedures as a whole: the Company Procedures governing Company activities in individual Areas and part of the System of Internal Control.

Therefore the term "Model" not only refers to this document (the General Section and Special Sections) but also to all the other systems and documents pertaining to the Internal Control System currently in existence and any adopted in the future according to the provisions of the Organisation Model in order to pursue its main purposes.

With reference to the specific requirements identified by the legislator in the Decree and described in more detail in the Guidelines of trade associations, the activities confirmed by the Board of Directors for the implementation of the MOGC after the first few years of application, are listed below:

- a detailed mapping of the at-risk activities, with analysis and monitoring for the purpose of improving implementation of the Model;
- analysis of the existing Internal Control System with reference to the at-risk activities and definition of any corrective actions intended to guarantee full compliance with the Decree. In this regard specific attention was paid to:
  - o the definition of ethical principles in relation to any conduct that may constitute one of the offences covered by the Decree;
  - o definition of the processes of the Company that may, in theory, generate the conditions, opportunities or means to commit offences;
  - o definition of staff training procedures;

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- definition of the information relating to the obligation for outsourcers and other third parties with which the Company undertakes contractual relations, to conform to the Organisation Model;
- definition and application of disciplinary measures designed to sanction non-compliance with the Model, and suitable deterrents;
- identification of the Supervisory Committee's composition and the attribution of specific supervision duties over the proper and correct functioning and updating of the Organisation Model;
- definition of the information flows to be submitted to the Supervisory Committee;
- identification of the information flows between the TMC Supervisory Committee and the Supervisory Committees of parent companies/subsidiaries.

As suggested by the trade association guidelines, the Model clarifies the allocation of responsibilities, hierarchies and job descriptions, with specific provision for control principles such as the segregation of functions. In particular, the Management Systems, manual procedures and information protocols (including those managed by the SAP Information System) are intended to regulate the conduct of ordinary activities, by providing for the appropriate control points (such as authorisations for transaction phases, reconciliations and checks on the work of third parties and peripherals), as well as adequate safety levels. Where possible, in the process structure, the separation of duties and responsibilities among those performing critical activities within a sensitive process has been reinforced or in certain cases included ("*segregation of duties*"), and principles of transparency and verifiability have been applied whereby each operation, transaction and action must be verifiable, documented, coherent and consistent.

With regard to financial management, where the procedural controls rely on tested instruments, preventive procedures, frequent reconciliations, supervision and authorisation gateways, the separation of duties (for example between the purchasing function and the Treasury function) have been introduced where possible.

Specific attention has been given to employee bonus systems to ensure that bonuses are stimulating but achievable, and avoid any clearly demotivating or impossible targets that might constitute an incentive to commit an offence.

Finally, with specific reference to powers of authorisation and signature, these have been allocated in accordance with the defined organisational and managerial responsibilities and envisage, when requested, setting a specific limit for the approval of expenses. The limits of powers of authorisation and signature are incorporated, as blocking protocols, into the SAP

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Information System. In any case, under the current Organisation Model, no one is given unlimited powers and appropriate steps are taken to ensure that powers and responsibilities are clearly defined and known within the organisation. As such, no one may manage an entire process independently and every operation requires adequate supporting documents (or electronic files for processes managed by the SAP Information System), which may be checked at any time to ascertain the characteristics and reasons for the operation and identify who authorised, carried out, recorded and verified the operation.

The Organisation Model therefore covers every aspect of the Company's activities, through the clear distinction made between operational and control duties. The aim is to correctly manage at-risk activities and potential conflicts of interest. In particular, the control duties involve, with differing roles and levels, the Board of Directors, the Board of Statutory Auditors, the Supervisory Committee, the Management Systems Manager, the directors and all personnel, and represent an essential attribute of the Company's day-to-day activities.

With regard to control aspects, the Organisation Model not only requires the establishment of an independent Supervisory Committee but also guarantees the integration and coordination of the Supervisory Committee's activities with the existing system of internal controls, by utilising the benefit of past experience. Finally, again on the subject of controls, the Organisation Model requires any inspections and controls to be documented, by drafting reports if necessary.

### **E. TMC CURRENT STRUCTURE**

Founded in 1997, TMC is a world leader in the design and manufacture of automatic machines for processing and packaging "tissues" and "personal care" products. Products are designed and manufactured at Company headquarters in Castel Guelfo and are then sold on the Italian and, to a greater extent, the international market. In general, TMC's clients are private (individuals or companies within multinational groups). The merger incorporating Asset Management Service S.r.l. into TMC was finalised on 1 January 2022. Asset Management Service S.r.l. carries out after-sales activities for TMC products (i.e. supply of spare parts, retrofitting and technical support). The merger will take effect from January 2022. TMC is approximately 80% owned by IMA S.p.A., which is at the head of a world-leading group in the design and manufacture of automatic machines. TMC has a staff of approximately 160 employees in functional and organisational areas. The schematic representation of Company organisation and related areas is shown in the company organisation chart, which the Company updates whenever organisational changes are made.

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**F. CORPORATE GOVERNANCE**

**1. DIRECTION AND COORDINATION (UNDER ART. 2497 OF THE ITALIAN CIVIL CODE)**

TMC's share capital is divided between TMC Sviluppo Industriali S.r.l., which holds 17.5%, and IMA S.p.A., 82.5%, and is subject to the direction and coordination of the latter pursuant to articles 2497 et seq. of the Italian Civil Code.

TMC's corporate governance system provides for a distribution of functions and powers according to the traditional model of corporate governance, represented by the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. Legal accounting control is entrusted to an auditing firm.

**2. BOARD OF DIRECTORS**

The Company is administered by a Board of Directors comprising five members.

The Board of Directors is the body responsible for the Company's strategic and organisational direction. To exercise its functions, it has therefore assigned a series of operational authorisations to its Chairman and Managing Director, with expenditure limits.

**3. MANAGING DIRECTOR AND LEGAL REPRESENTATIVES**

The Board of Directors, without prejudice to the limitations constituted by the powers that cannot be delegated by law or by the Bylaws and the powers of the Board of Directors, has assigned its Chairman and Managing Director single signature powers with special authorisations.

The Chairman of the Board of Directors, in particular, represents TMC and holds all powers associated with ordinary Company administration, to be exercised with a single signature, with the sole exception of the powers that cannot be delegated by law or by the Bylaws, and the powers of the Board of Directors. The Chairman of the Board of Directors is also the "employer" under Leg. Dec. no. 81/2008.

The Company has appointed legal representatives to carry out determined company activities, with limited scope and expenditure.

**4. CONTROL BODIES**

TMC has appointed a Board of Statutory Auditors comprising three members, including the Chairman, plus two substitute auditors: this body is assigned the ordinary duties of law consisting in monitoring compliance with the law and the Bylaws, compliance with the principles of proper administration and particularly the adequacy of the organisational, administrative and accounting system adopted by the Company, and its proper functioning. Accounting and accounting control are managed by an external auditing firm.

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At internal control level, the company organisation chart also includes the Prevention and Protection Service Manager (RSPP), envisaged by Leg. Dec. no. 81/2008, who is responsible for the specific duties laid down in art. 33 of said Decree, corresponding to:

- a) identifying risk factors, assessing risks and identifying measures for health and safety at work, in full compliance with current regulations based on specific knowledge of company organisation. As such, this person draws up the general risk evaluation document (DVR), which is then adopted by the employer, and ensures it is updated;
- b) drawing up, within its remit, preventive and protective measures for the identified risks and systems for monitoring such measures;
- c) drawing up safety procedures for the various company activities;
- d) proposing information and training programmes for workers;
- e) taking part in consultations on health and safety at work, and regular meetings to review the risk assessment document, its effectiveness and efficacy;
- f) providing workers with the necessary information to ensure their health and safety at work (procedures, names of managers, risks arising from their duties, etc.).

This person is assisted by the Management Systems Manager, who is responsible for:

- ensuring that the Management Systems are applied in compliance with the company policy on quality, environment, and safety at work and with the rules the company has adopted;
- ensuring that the Management Systems are implemented, improved and kept active;
- checking that all regulatory requirements in relation to safety and environment are provided;
- reporting to Management on the performance of Management Systems for the purpose of the review;
- drawing up the annual schedule of internal audits and ensuring it is carried out;
- contributing to the definition of duties, procedures and instructions necessary for application of the Management Systems;
- ensuring that the documents available and circulating in the Management Systems are consistent with the defined policy and organisation.

In addition to these figures, the Company has its own Code of Ethics and System of Internal Control, consisting in the set of procedures, processes and practices (including system documents (DS), procedures (PR), operating instructions (IO), forms (Mod.) and Integrated SAP information system procedures adopted by TMC for the governance and control of all company activities; as well as the preparation and implementation of Management Systems SGQ, SGSL and SGA).

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**G. ACTIVITIES PRELIMINARY TO THE ADOPTION OF THE ORGANISATION MODEL**

**1. INTRODUCTION**

The preparation and updating of the Organisation Model were preceded by a series of preliminary activities involving "mapping" Areas at risk of offence and checking of the Company's systems of internal control, in line with the stipulations of Decree 231/2001 and with the Guidelines.

Without prejudice to the following with reference to the Offences for which the need for an in-depth Risk Assessment has been ruled out, since they do not contribute to the dynamics of the Company's activities, the risk management system verification was carried out through the following phases of activity:

- a) **"Inventory of business areas of activity and analysis of potential risks"**: the first phase of activity consisted in identifying the functional areas of the Companies in which there is a potential "risk" of offences under the Decree being committed. In this context, the specific "activities at risk of offence" were identified in each of these "areas", and the possible methods of committing the offence were identified for each activity;
- b) **"assessment of the System of Internal Control"**: this activity was carried out by checking, within the areas at risk and with reference to the specific activities identified above, the preventive control systems (i.e. formalised procedures, operating practices, segregation systems, financial resource management systems, etc.) existing at the company and assessing their suitability to ensure that the risk of crimes being committed is brought back to an acceptable level ("*as is analysis*"). As part of this activity, the adequacy of the financial resource management system adopted by the Companies was also assessed to ensure the verifiability, traceability and transparency of expenditure, the system of authorisations and powers, and the further "protocols" designed to schedule training and implementation of any existing decisions taken by the entity in relation to the various at-risk activities;
- c) **"identification of deficiencies within the system of internal control"**: in this phase, evidence is produced of any criticalities and consequent corrective actions needed to improve the System of Internal Control ("*gap analysis*").

The above phases of activity were carried out by external consultants by examining the documentation made available by the Company, acquiring information and conducting interviews, in person and over the phone, with company personnel in charge of the operational activities, and through questionnaires given to management, compiled by the persons interviewed in the dedicated area.

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To update the Organisation Model and, preliminarily, the *Risk assessment* (in preparation for updating the Model), the company organisation chart, and the procedures and authorisations given by the Company Board of Directors were initially examined. The updated certificate of incorporation and organisation charts, code of conduct, internal policies, procedures, guidelines and regulations adopted by the Company were then examined.

Further elements were also analysed relevant to the process of identifying risks and evaluating the areas/activities most exposed to the commission of offences, including:

- evolution of the regulatory framework;
- the specific “history” of the Company including, in particular, the presence of any criminal, administrative or civil proceedings involving the Company with regard to the at-risk activities;
- the size of the Company and the Group to which it belongs (in relation to information such as sales, number of employees);
- markets and territories in which the Company operates;
- organisational structure;
- pre-existence of corporate ethics;
- quality of existing company climate within the organisation;
- collaboration between department managers;
- communication between management and workers;
- degree of separation of functions;
- practices influencing the carrying out of processes.

Moreover, in the risk identification and assessment process conducted herein, elements external to the Company's organisational structure were also taken into consideration, if deemed capable of affecting existing risk factors, such as the geographical reference environment or any risks found at companies belonging to the same sector of activity.

**2. MAPPING OF “AREAS AT RISK OF OFFENCE” AND ANALYSIS OF POTENTIAL RISKS**

The process of identifying risks and assessing the areas most at risk of offences being committed was conducted using a risk-based approach, i.e. taking account of the “Inherent Risk” or “Potential Risk” of Offences being committed (i.e. the risk assumed before the Company has put in place measures to reduce the likelihood and impact of an event). The Inherent Risk level was measured by taking account of both the likelihood of the offence being committed and the impact of such an event, determined by taking account of factors such as the type and entity of penalties (financial or disqualification) that may be inflicted on the company, the frequency and recurrence of at-risk activities, the nature and volume of the

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relevant transactions, the specific modes of execution, as well as the company's history and the sector's specific circumstances.

The assessment of the existence (and extent) of the Inherent Risk was conducted by applying the following matrix:

		Frequenza dell'attività			
		One off	Trimestrale	Ricorrente	Quotidiana
<b>Impatto</b>	Moderato	1	2	3	4
	Medio	1	2	3	4
	Grave	2	4	6	8
		3	6	9	12

The Inherent Risk of Activities at Risk of Offence was then classified according to the following scale of severity and importance:

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

**3. RISK ASSESSMENT - ASSESSMENT OF THE INTERNAL CONTROL SYSTEM**

Once the "inherent risk" (and its importance) had been defined in relation to Sensitive Activities, the Company's current Internal Control System was assessed in order to establish its level of "adequacy" as a means of bringing the risk to an "acceptable level".

The conceptual threshold of "acceptability" of risk, in intentional offences, cannot be expressed by reference to a simple cost/benefit ratio as taught by corporate legal theory (where a risk can be defined as being acceptable when the additional controls "cost" more than the resource to be protected). And, in fact, as the Guidelines emphasise, economic logic, in the system of preventing offences set out in Decree 231/2001, cannot be the only definition of an acceptable level of risk. Rather, the threshold for acceptability of risk must be represented by the existence of a prevention system that cannot be evaded other than fraudulently, it being specified that fraud does not necessarily require tricks and deception, but may also consist of a simple breach of the stipulations contained in the Organisation Model or an evasion of the safety or security measures laid down in the Model. As far as negligent offences are concerned and, in particular, offences committed in breach of rules governing health and safety at work, the conceptual threshold of reliability must be defined even more rigorously, since, given the importance of the goods protected, the occupational risks to the health and safety of workers must be fully eliminated or otherwise minimised as

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far as possible through the adoption of the prevention measures available according to the knowledge acquired through technical advancement.

The assessment of the controls and monitoring of the Company's Internal Control System was based on checking the existence of the following criteria and requirements (as indicated in the Guidelines themselves):

- i) existence and formalisation of written Company procedures and manuals;
- ii) definition of roles and responsibilities with respect to the management of Company processes;
- iii) compliance with the "*segregation of duties*" principle;
- iv) traceability of Company processes;
- v) communication, training and effective knowledge of Company procedures.

Once these checks had been performed - which were also carried out on the basis of the documentation gathered and evidence obtained during interviews with the Company's management and staff - the Company's System of Internal Control was considered (in relation to individual Activities at Risk of Offence):

- "**Adequate**", where it was considered that the system of preventive controls adopted by the Company is suitable as a whole for reducing the risk to an acceptable level (requiring only a number of minor additions);
- "**Improvable/To be Updated**", where it was considered that the system of preventive controls adopted by the Company is not entirely suitable for reducing the risk to an acceptable level and therefore requires additions/amendments to existing processes;
- "**Inadequate/Non-existent**", where it was considered that the system of preventive controls adopted by the Company is not suitable for reducing the risk to an acceptable level and the Company therefore needs to adopt controls and procedures which are new and/or different from those in force with immediate effect.

This assessment of the adequacy of the system of internal controls therefore served to determine (again in relation to each Sensitive Activity considered) the "*residual risk*", determined according to the level of "*inherent risk*" and the effectiveness/adequacy of the system of controls adopted by the Company. The assessment the Residual Risk was conducted by applying the following matrix:

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		Rischio inerente									
		1	2	3	4	6	8	9	12		
Valutazione delle procedure	4	4	8	12	16	24	32	36	48		
	5	5	10	15	20	30	40	45	60		
	6	6	12	18	24	36	48	54	72		
	7	7	14	21	28	42	56	63	84		
	8	8	16	24	32	48	64	72	96		
	9	9	18	27	36	54	72	81	108		
	10	10	20	30	40	60	80	90	120		
	11	11	22	33	44	66	88	99	132		
	12	12	24	36	48	72	96	108	144		

according to the following scale of severity and importance:

- Low Risk ("B"): score of between 4 and 29
- Medium Risk ("M"): score of between 30 and 60
- High Risk ("A"): score of 61 or over

The outcomes of the assessments to determine the Inherent Risk and Residual Risk of each at-risk activity considered are shown in the "Inherent Risk and Residual Risk Assessment Table" in sub-annex "C" in this report.

The conclusion drawn by this assessment is shown in the updated mapping of at-risk activities ("Updated Mapping of At-Risk Activities and Risk Assessment" or simply "Mapping", attached to the Risk Assessment of 23 January 2023 - in Annex "B").

The mapping of Areas at Risk of Offence and Sensitive Activities and, in general, the risk assessment activity itself confirmed that TMC's procedures (and, in general, its System of Internal Control), in relation to the Areas at Risk of Offence, are in line with the general principles followed in an efficient System of Internal Control as indicated above (considered to be general protocols), i.e.:

- "proceduralisation" of Activities at risk of offence, in order to:
  - i. ensure that Company activities are carried out in accordance with current laws and regulations and from the general perspective of protecting the integrity of the Company's assets;
  - ii. define and regulate the procedures and timetables for performing these activities;
  - iii. ensure, where necessary, that decision-making processes are "standardised" and limit Company decisions based on subjective choices;
- clear and formal allocation of powers and responsibilities, with an explicit indication of operating limits and consistent with the duties assigned and the positions occupied within the organisational structure;

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- segregation of duties, through the correct distribution of responsibilities and the definition of suitable authorisation levels, in order to avoid overlapping between departments or operational allocations in which critical activities are focussed on a single individual;
- adoption of instruments capable of ensuring the traceability of actions, operations and transactions through suitable documentary evidence which specifies the characteristics and reasons for the operation and identify the individuals involved in the operation in various capacities (authorisation, implementation, recording, inspection of the operation);
- running of information and training activities for workers on existing formalised procedures, including whenever additions/changes are made to those procedures, in order to ensure that these are properly understood and actually implemented;
- establishment, carrying out and documentation of control and supervisory activities with respect to processes and Activities at risk of offence;
- existence of security mechanisms that ensure adequate protection of information from physical or electronic access to the data and tools used in the Company's information system, particularly with regard to management and accounting systems.

**H. INFORMATION AND TRAINING FOR RECIPIENTS OF THE MODEL**

The Company is aware of the importance of training and information as a vitally important protocol and takes action to ensure that the Recipients of the Organisation Model understand the content of the Decree and the obligations arising from the same as well as the Model itself. For the purpose of implementing the Organisation Model, training, awareness-raising and information given to personnel are managed by the competent company department in close collaboration with the Supervisory Committee and with the heads of other departments involved in applying the Model.

Training, awareness-raising and information relates to all Company personnel, including Key Personnel.

Information and training are given when new employees start work or when there are changes in an employee's duties, changes to the Model or any other factual or legal circumstances that require training in order to ensure the correct application of the provisions of the Decree.

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

- all Personnel currently employed must be informed that this document has been adopted;
- subsequently, new recruits are given an information pack containing (in addition to the materials indicated in additional Company policies or procedures, such as data protection and security, health and safety at work) this document "Organisation, Management and Control Model under Legislative Decree no. 231/2001", containing

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an express reference to consult the Special Section, the Company's intranet, as well as the Code of Ethics, in order to ensure that new recruits receive knowledge considered essential;

- employees must sign a special form confirming acceptance of the documents handed to them, and that they have read the text of Legislative Decree no. 231/2001 as published on the company's intranet;
- specific, ongoing training is to be organised as class-based learning or provided via e-learning tools (in a format that guarantees a response to the training received).

The communication and training initiatives also relate to other instruments such as powers of authorisation, hierarchy, procedures, information flows and anything else which can help to improve transparency in daily operations.

All communication and training initiatives are instigated by the Board of Directors, which requires the recipients to collaborate fully in this regard.

To ensure that the Organisation Model is distributed effectively and that personnel receive sufficient information about the Decree 231/2001 and the ensuing obligations, a specific section of the company's intranet must be set aside for this topic. This section will contain not only the information pack described above, but also the forms and instruments through which reports can be made to the Supervisory Committee, and any other documentation that may be relevant.

### **I. INFORMATION FOR THIRD PARTIES**

The Company's Collaborators, Suppliers, Consultants and Partners, and specifically those involved in the provision of activities, supplies or services which involve Sensitive Activities, will be informed about the adoption of the Organisation Model and informed that the Company requires them to behave in accordance with the principles of conduct set out therein.

Those Recipients, in particular Suppliers and Consultants, are provided, by the Company departments with which they have institutional contacts, with specific information about the policies and procedures adopted by the Company on the basis of the Model, and about the consequences that behaviours which are inconsistent with the stipulations of the Model or with current legislation may have on contractual relations.

Where possible, specific clauses setting out these consequences are incorporated into contractual documents, such as express termination clauses and/or rights of withdrawal in the event of behaviours contrary to the stipulations of the Model.

The Organisation Model is also available on the IMA website under "Investors".

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**J. DISCIPLINARY AND PENALTY SYSTEM**

A prerequisite for the efficiency of the Organisation Model is the definition of a system of penalties to sanction any violations of protocols and/or other rules of the Model. Under the terms of Article 6(1) lett. e) of Decree 231/2001, this constitutes an essential requirement for the exemption of the company's liability.

The system must specify penalties for each Recipient, according to the various kinds of relationship. The system, just like the Organisation Model, is aimed at Key Personnel and at all Employees, Collaborators and third parties who operate on the Company's behalf and sets out appropriate disciplinary penalties in certain cases and contractual/commercial penalties in others.

On account of the foregoing, TMC has prepared its own "disciplinary and sanction system" attached hereto under Annex "B".

**K. SUPERVISORY COMMITTEE**

**1. INTRODUCTION**

Article 6 lett. b) of Legislative Decree no. 231/2001 stipulates, as a prerequisite for the exemption from administrative liability, that the task of supervising the functioning, observance and updating of the Organisation Model must be assigned to a body within the Company which has independent powers of action and control.

The autonomy and independence required by law presuppose that the Supervisory Committee, when carrying out its functions, is "external" to the production, commercial, administration and financial processes, and reports directly to the Board of Directors. In consideration of the specific nature of the Supervisory Committee's duties (supervision and control as required by the Model) its mandate is entrusted to a body that, with this document as approved by the Board of Directors, is set up within the Board of Directors and is released from all hierarchical relations with the individual managers of the company's divisions.

When carrying out its supervision and control duties, TMC's Supervisory Committee is generally supported by all the departments of the company and may also rely on other external consultants if necessary from time to time.

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**2. COMPOSITION OF TMC'S SUPERVISORY COMMITTEE**

Various theoretical and practical solutions relating to the possible structure and composition of the Supervisory Committee have been developed, in consideration of the size of the company and the need to achieve a fair balance between costs and benefits.

In general, the Supervisory Committee must ensure the effectiveness of controls in relation to the size and organisational complexity of the entity. This body may comprise one or more people, internal or external to the Company, who possess the professional characteristics identified in this Model or in the Supervisory Committee Bylaws.

As such, the Board of Directors is strongly convinced that, for the purposes of Supervisory Committee selection, the following characteristics should be evaluated in relation to each of the suggested solutions:

**A. In relation to the overall functions of the Supervisory Committee:**

- the autonomy of the body, in the sense of:
  - i. functional autonomy;
  - ii. autonomous powers of action and control;
  - iii. the absence of operational duties;
  - iv. possibility of liaising directly with the Board of Statutory Auditors;
- professionalism, understood as the set of knowledge, tools and techniques that the body must possess in order to be able to perform its assigned activity effectively and in reference to adequate specialist competence in inspection and consultancy activities (statistical sampling, risk analysis and assessment techniques, risk containment measures, flow charting of procedures and processes, knowledge of the law and of administrative-accounting techniques, etc.);
- continuity of action, to be ensured through a body that is able to supervise the organisation model on an ongoing basis either because it includes persons who perform their functions within the entity (due to their being, for example, employees) or because the body is able to liaise in a stable manner with the entity's personnel (and the latter has identified one or more dedicated contact persons to collaborate with the body).

**B. In relation to the individual members of the Supervisory Committee, that they fulfil the requirements of integrity and morality, i.e. that the following circumstances do not apply to any of them:**

- the conditions laid down in Article 2382 of the Italian Civil Code (prohibition, disqualification, bankruptcy, conviction for an offence that involves permanent or

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- temporary exclusion from public offices or disqualification from holding management positions);
- the status of spouse or the existence of ties of blood or marriage to the fourth degree with the directors of the Company or of companies controlled by the latter, of companies that control the Company or of those subject to common control;
  - the existence of a conviction by judgment even where this is not final (including sentence pronounced under Article 444 of the Italian Code of Criminal Procedure):
    - for imprisonment for a period of no less than one year: i) for one of the offences laid down in Royal Decree no. 267/1942 or Leg. Dec. no. 14/2019, ii) for one of the offences laid down in the laws governing banking, finance, real property, transferable securities and payment instruments; iii) for an offence against the public administration, against public faith, against financial assets, against the public economy or in taxation matters;
    - for imprisonment for a period of no less than two years for any non-negligent offence;
    - for one or more offences including those specified and referred to in the Decree, regardless of the type of sentence imposed;
    - for an offence which entails conviction for an offence that involves permanent or temporary exclusion from public offices or temporary exclusion from management positions in legal entities and companies;
  - having the status of member of the Supervisory Committee within companies on which the penalties set out in Article 9 of the Decree have been imposed;
  - having suffered the enforcement of one of the prevention measures laid down in Article 3 of Law no. 55 of 19 March 1990 as subsequently amended.

In consideration of the size and complexity of the company's organisation and the risk assessment activity conducted (and the risks actually detected for the business activity), the Board of Directors maintains that the solution that best ensures the Decree's requirements are met is represented by assigning the attributions and powers of the Supervisory Committee, pursuant to Leg. Dec. no. 231/2001, to a single-person organism set up *ad hoc* and comprising an independent professional in possession of proven skills in health, safety and workplace, and having general experience in the field of company process management.

This solution meets all the requirements envisaged by the standard in terms of autonomy, independence, professionalism and continuity of action. As such, with reference to the relevant themes of the Decree, the Supervisory Committee may liaise with the RSGI department.

Having considered the Supervisory Committee's responsibilities and the specific professional content required of it in its oversight and control activities, the Supervisory Committee is

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supported by all the internal corporate functions and may also rely on the support of external persons whenever their professional contribution becomes necessary.

Pursuant to paragraph 4-*bis* of art. 6 Leg. Dec. no. 231/2001, Supervisory Committee functions at corporations may also be carried out by the Board of Statutory Auditors.

The TMC S.p.A. Board of Directors therefore deems that the typical activities of the Board of Statutory Auditors will not overlap those of the Supervisory Committee; this will allow the broadest, most correct and autonomous control activity within their respective functions.

In turn, and if deemed necessary and appropriate, the Committee will set rules for its operation, formalised in a regulation, and the means for managing the necessary information flows (see the relevant sections below for more information).

Upon receiving the proper application from the Supervisory Committee, the Board of Directors undertakes to provide the budget required to carry out its function.

**3. TERM - GROUNDS FOR INELIGIBILITY AND DISMISSAL OF THE MEMBERS OF THE SUPERVISORY COMMITTEE**

Supervisory Committee members are nominated with a ruling of the Board of Directors, remain in post for three years, and may be re-elected, unless otherwise expressly indicated by the Board of Directors.

In carrying out their duties, the members of the Supervisory Committee must maintain the requirements of autonomy and independence specified in the Decree. They must therefore immediately inform the Board of Directors and the Supervisory Committee itself (if comprising more than one person) if any situations arise which prevent these requirements from being fulfilled.

No person may be appointed as a member of the Supervisory Committee and, if appointed, will automatically step down from office if:

- he/she fulfils the conditions laid down in Article 2382 of the Italian Civil Code (prohibition, disqualification, bankruptcy, conviction for an offence that involves permanent or temporary exclusion from public offices or disqualification from holding management positions);
- he/she is the spouse or relative by blood or marriage to the fourth degree of the Company's non-independent directors, the spouse or relative by blood or marriage to the fourth degree of the non-independent directors of the companies controlled by the Company, of the companies that control the Company and of those subject to common control;

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- he/she has been convicted by judgment even where this is not final (including sentence pronounced under Article 444 of the Italian Code of Criminal Procedure):
  - for imprisonment for a period of no less than one year: i) for one of the offences laid down in Royal Decree no. 267/1942 or Leg. Dec. no. 14/2019, ii) for one of the offences laid down in the laws governing banking, finance, real property, transferable securities and payment instruments; iii) for an offence against the public administration, against public faith, against financial assets, against the public economy or in taxation matters;
  - for imprisonment for a period of no less than two years for any non-negligent offence;
  - for one or more offences including those specified and referred to in the Decree, regardless of the type of sentence imposed;
  - for an offence which entails conviction for an offence that involves permanent or temporary exclusion from public offices or temporary exclusion from management positions in legal entities and companies.
- he/she has the status of member of the Supervisory Committee within companies on which the penalties set out in Article 9 of the Decree have been imposed;
- one of the prevention measures laid down in Article 3 of Law no. 55 of 19 March 1990 as subsequently amended has been enforced on him/her.

Without prejudice to those situations under which members are automatically required to step down, members of the Supervisory Committee can only be dismissed by the Board of Directors for a valid reason. The following represents situations where there is a valid reason for dismissal:

- the Company is given a conviction under the Decree or a plea bargain is accepted, where the documentation shows "lack of or insufficient supervision" by the Supervisory Committee as provided for in Article 6, paragraph 1, lett. d) of the Decree;
- failure to maintain confidentiality with respect to information that comes to their attention in the performance of their duties;
- failure to attend more than three consecutive meetings of the Supervisory Committee without proper reason (if the Supervisory Committee comprises more than one person).

If a member of the Supervisory Committee resigns or steps down automatically, the Committee will immediately inform the Board of Directors, which will take the relevant decisions without delay.

The Supervisory Committee will be considered to have stepped down from office if the majority of members (if the Supervisory Committee comprises more than one person) are

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absent owing to resignations or other reasons. In that case, the Board of Directors will appoint all members of the Supervisory Committee afresh.

If there are serious reasons to do so, the Board of Directors will order the suspension from duty of one or all members of the Supervisory Committee and will make a timely appointment of a new member or the entire Committee on an *interim* basis.

**4. DUTIES AND POWERS OF THE SUPERVISORY COMMITTEE**

The Supervisory Committee performs the supervisory and control duties set out in the Decree and in the Organisation Model.

The Supervisory Committee has autonomous powers of initiative and control within the Company so that it can carry out effectively the duties set out in the Decree and in the Model.

For any requirement necessary to ensure that the Supervisory Committee performs its duties correctly, the Committee has adequate financial resources which will be assigned to it on the basis of an annual expenditure budget approved by the Board of Directors. The need to ensure timely prevention of offences remains a priority requirement. Therefore, in the case of exceptional and urgent circumstances, the Supervisory Committee may commit resources beyond its expenditure powers and must notify the Board of Directors immediately.

The activities performed by the Supervisory Committee cannot be checked by any other company body or structure but the Board of Directors is in all cases required to monitor the adequacy of its actions, insofar as the Board of Directors itself has ultimate responsibility for the operation and effectiveness of the Organisation Model.

The Supervisory Committee is required to carry out the following activities:

**i) *Checking and supervision***

- monitor compliance with the Model within the Company;
- monitor the validity and adequacy of the Model, with particular regard to the behaviours encountered within the Company;
- check the actual capacity of the Model to prevent the commission of the offences set out in the Decree;
- monitor the correct application of the Disciplinary System by the Company departments responsible for the same.

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**ii) Updating of the Organisation Model**

- check the Model remains sound and functional over time, ensuring the Company updates the Model and proposing, where necessary, the Board of Directors and/or the relevant company departments adapt it, providing appropriate suggestions and plans to improve its adequacy and effectiveness in relation to changing company and/or legislative conditions;
- carry out follow-up activities, i.e. checking that the proposed solutions are implemented and work correctly.

**iii) Information and training**

- promote knowledge and understanding of the Model within the Company;
- promote and monitor initiatives, including courses and communication activities, aimed at promoting an adequate understanding of the Model by all Recipients;
- assess and respond to requests for clarification made by Company departments or by the administrative and supervisory bodies, where those requests are connected with and/or related to the Model.

**iv) Reporting from and to the Supervisory Committee**

- implement, in accordance with the Model, an efficient information flow to the competent executive bodies about the effectiveness and observance of the Model;
- check the timely fulfilment by the persons concerned of all reporting activities required under the Model;
- examine and assess all information and/or reports received in relation to the Model, including with respect to any breaches of the same;
- in the case of inspections by institutional bodies, including the Public Administration, provide the necessary information materials to the inspectors.

To carry out the supervisory activities described above, the Supervisory Committee shall draw up and submit to the Board of Directors its own annual “**Audit Plan**”, attaching/including it with the annual report covered in the subsequent section 5, lett. a). The Plan shall highlight the following:

- promote knowledge and understanding of the principles outlined in the Model within the Company;
- collect, process, retain and update any relevant information for the purpose of checking observance of the Model;
- periodically check and monitor Areas at risk of offence and, where considered necessary for the performance of its duties, carry out checks not previously planned ("spot checks");

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- monitor and check that the Company is complying with accident prevention laws and with the rules governing protection of health and safety at work;
- check that all documentation concerning the activities/operations identified in the Model is being kept properly and is effective;
- check periodically the powers of attorney and internal delegations in force and recommend any necessary changes if these are no longer consistent with organisational and managerial responsibilities;
- assess periodically the adequacy of the Model with respect to the provisions and principles laid down in the Decree and see to the corresponding update requirements;
- assess periodically the adequacy of information flow and adopt any corrective measures;
- periodically inform and report to the Board of Directors about the activities performed, reports received, corrective actions taken and improvements made to the Model and their current status.

In order to carry out the duties entrusted to it, the Supervisory Committee is granted the powers and authorities indicated below:

- issue instructions and service orders intended to regulate the activity of the Committee as well as the information flow from and to the same;
- access any Company document which may be important for the performance of the duties assigned to the Supervisory Committee, including the Company's books pursuant to Article 2421 of the Italian Civil Code;
- request assistance, including on an ongoing basis, from internal departments or use external consultants of established professionalism in cases where this is necessary to carry out checking and control activities or updating of the Model;
- direct the persons to whom a request is made to provide the information, data and/or details requested from them in a timely manner so as to identify aspects connected with the various Company activities which are relevant according to the Organisation Model and to check that those activities are actually being implemented by the Company's organisational structures;
- conduct the internal investigations necessary to ascertain alleged breaches of this Model;
- ask the competent Company departments in charge of managing disciplinary proceedings and of imposing sanctions for all information, data and/or details which may be useful in terms of monitoring the correct application of the disciplinary system;
- request, through the appropriate channels and individuals, a meeting of the Board of Directors to tackle urgent matters;
- take part in meetings of the Board of Directors;
- access to documentation drawn up by the Board of Statutory Auditors;

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- ask the department managers to take part (but without decision-making powers) in meetings of the Supervisory Committee.

In view of the duties of the Supervisory Committee and the specific professional competencies required for those duties, the Supervisory Committee may, in carrying out its supervisory and control activities, be supported by a dedicated team (used, including on a part-time basis, for those specific duties) and may call on the support of other internal Company departments which are required from time to time to ensure the effective implementation of the Model.

If deemed appropriate, the criteria for how the above team works, the personnel that will be used within the team, and the specific role and responsibilities assigned by the Supervisory Committee to that team shall be established by means of internal organisational documents.

Where considered appropriate and/or in cases where the Supervisory Committee is asked to carry out activities that require professional expertise not available within the Committee or within the Company itself, the Committee will have the right to call on the specific professional expertise of external consultants to whom it may delegate pre-defined areas of investigation and the technical operations required to carry out its supervisory duties. The consultants must, in each case, always report on the outcomes of their activities to the Supervisory Committee.

The Supervisory Committee activity is aimed at verifying that the rules of conduct laid down in the Organisation Model and in the Code of Ethics (which forms an integral part thereof) are observed by Recipients and that the Company's internal control system is adequate and effectively implemented, in order to prevent the commission of the Offences set out in the Decree. Therefore, it does not fall within the remit of the Supervisory Committee to check the observance of rules of conduct and breaches of Company directives that may result in (or be instrumental to) the commission of offences that are not included among those set out in the Decree. So, for example, the Supervisory Committee will not be responsible for investigating discriminatory or offensive behaviours existing among the Company's employees (other than for the sole purpose of establishing any conducts instrumental to the commission of Predicate Offences).

If the Supervisory Committee learns of facts and behaviours relating to the breach of and non-compliance with rules of conduct and Company processes that do not relate to (or are not instrumental to) the commission of offences set out in the Decree, it will give prompt and formal notification to the competent Key Personnel so that the appropriate checks and investigations can take place.

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**5. REPORTING ACTIVITIES OF THE SUPERVISORY COMMITTEE**

In order to ensure its full autonomy and independence in the performance of its duties, the Supervisory Committee reports directly to the Company's Board of Directors.

The Supervisory Committee reports on the implementation of the Organisation Model and on the activities carried out according to the following reporting frequencies:

- a) **on an annual basis,**
  - to Corporate Bodies and the IMA S.p.A. Supervisory Committee, who must be sent a written report of the outcomes of the activity carried out, which may come from an external source, and the work plan for the subsequent period:
- b) **at least every six months,**
  - to Corporate Bodies and the IMA S.p.A. Supervisory Committee, who must be sent a written report of the following:
    - the overall activities carried out in the period in question;
    - a review of the reports received and actions undertaken by the Supervisory Committee or by other individuals,
    - the critical issues arising in relation to the Model and the actions necessary and/or expedient to correct and improve the Model and their current status;
    - identification and/or confirmation of the Audit Plan.
- c) **on an ongoing basis and where the need arises,** the Supervisory Committee, in particular, must:
  - notify the Board of Directors promptly of any breach of the Organisation Model which is considered well-founded by the Committee itself and which comes to its attention as a result of being reported by the employees or which it has itself observed;
  - notify the Board of Directors promptly of any organisational or procedural gaps observed which may constitute a specific danger of commission of offences relevant to the Decree;
  - notify the Board of Directors of the existence of legislative changes which are particularly relevant for the implementation and effectiveness of the Model;
  - notify the Board of Directors promptly of any other relevant information to ensure that the Committee performs its duties correctly as well as to ensure proper compliance with the provisions set out in the Decree;

it being understood that, where the behaviour or fact reported is attributable to the Board of Directors and it is necessary to maintain the confidentiality of the information and not to make the board part of it, the report will be addressed to the Board of Statutory Auditors.

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Furthermore, the Supervisory Committee may ask to be consulted by the Board of Directors, as a collegiate body, whenever it is considered appropriate to liaise with the Board. Likewise, the Supervisory Committee has the possibility of requesting clarifications and information from the Board of Directors. Furthermore, the Supervisory Committee may be called at any time by the Board of Directors and by the other company bodies to report on particular events or situations pertaining to the functioning and observance of the Organisation Model.

**6. INFORMATION FLOWS TOWARDS THE SUPERVISORY COMMITTEE**

In order to facilitate the activity of monitoring the effectiveness of the Organisation Model adopted by the Company, all Recipients are required to inform the Supervisory Committee about any information and report of any kind, including where received from third parties, concerning the implementation of the Model and of all principles of conduct and procedures referred to therein.

In carrying out its supervisory and control duties, the Supervisory Committee always has the right to ask the Recipients for information and details about the Company's activities, about the application and observance of the rules of conduct and procedures set out in the Model and to verify any document necessary both on a sample basis or systematic basis. Recipients will be required to cooperate with the Supervisory Committee and to provide the Committee with any information and details requested from them.

Recipients who do not correctly fulfil the duty to report to the Supervisory Committee in the time and manner identified here may be subject to disciplinary measures.

**A. Information flows from the Heads of Department**

Without prejudice to the foregoing concerning the investigation and auditing powers of the Supervisory Committee, the Heads of Department are required, within their area of competence, to send the Supervisory Committee any information and details about the Company activities that they oversee as indicated in the "Flows Protocol" adopted by the Company.

**B. Reports by Recipients**

Recipients must promptly inform the Supervisory Committee of any breach or suspected breach of the Organisation Model (and of the Code of Ethics which forms an integral part thereof), of its general principles and of the rules of conduct and procedures specified therein, which comes to their attention in the course of their work and/or collaborative relationship with the Company. In particular, within the framework of their activities (as identified above), Recipients are required, inter alia, to send reports promptly to the Supervisory Committee concerning:

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- critical issues, anomalies or abnormalities emerging from the control activities carried out by the authorised Company departments (including unusual situations such as a high staff turnover);
- any orders received from their superior which are considered to be in conflict with the law, internal regulations or the Model;
- any requests or offers of money, gifts or other benefits made by or to public officials or public service officers (which are not connected to formalities laid down by law);
- any significant budgetary discrepancies or expenditure anomalies not duly substantiated, arising from requests for authorisation in the final stage of management control;
- any omissions, carelessness or falsification in the keeping of books or documentation on which accounting records are based;
- any reports, not verified in a timely manner by the competent departments, concerning shortcomings or inadequacies in relation to workplaces, work equipment or protective devices made available to the Company, or any other situation of danger associated with environmental protection and health and safety at work.

In turn, the Supervisory Committee may request, if deemed necessary, further information in addition to that sent by individual company departments.

C. Information flow in relation to the environment and health and safety at the workplace

The Supervisory Committee must receive a copy of the periodic reports on environmental matters and health and safety at work (including the minutes of the periodic meetings of the Employer, Head of Prevention and Protection Service, Doctor and Workers Safety Representative pursuant to Article 35 TUS and the review reports of the "Senior Management").

If a breach is reported in relation to environmental matters or health and safety at the workplace, the Supervisory Committee will, provided that the person reporting the breach has not done so already, promptly inform the Employer and the Head of Prevention and Protection Service (RSPP) about that breach.

D. Supervisory Committee's address.

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

**odv.tmc@sidel.it**

or, by post, to the Supervisory Committee at the Company's head office:

**TMC S.p.A. Supervisory Committee**  
**Via I Maggio n. 3**  
**40023 Castel Guelfo di Bologna (BO)**

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with the words "PERSONAL AND STRICTLY CONFIDENTIAL" marked on the envelope.

Without prejudice to the above, reports will be examined, provided that they are sufficiently precise and detailed, even if they are sent to individual members of the Supervisory Committee (if comprising more than one person) or otherwise brought to their attention, who will share the information received with the other Committee members.

The Supervisory Committee's electronic mailbox can only be accessed by its members. Accordingly, the **Supervisory Committee is obliged to maintain confidentiality with respect to information and reports received in the course of its activities**. The Supervisory Committee acts in such a way as to protect those providing information and reports against any form of reprisal, discrimination, penalty or any consequence arising from the same, whilst also ensuring confidentiality and anonymity of the informant's identity, without prejudice to legal obligations and protection of the rights of the Company or of persons accused either wrongly and/or in bad faith.

TMC, data controller pursuant to Leg. Dec. no. 196/2003 and subsequent amendments, shall process the personal data acquired through information flows for the purposes associated with compliance with the obligation of Decree 231/2001 and the Organisation Model. The data may be processed both in paper and electronic form. The data subject may exercise his/her rights under art. 15 of EU Reg. 679/2016 by contacting the data controller/processor.

**7. NOTIFICATION TO THE SUPERVISORY COMMITTEE WITH REGARD TO CHANGES TO THE COMPANY'S ORGANISATION**

The following information must be communicated to the Supervisory Committee by the executive bodies and/or heads of department:

- information about organisational changes (for example, changes to the organisation chart, revision of existing procedures or adoption of new procedures or policies, etc.);
- updates and changes to the system of delegations and powers;
- significant and/or unusual operations affecting areas at risk of commission of offences identified in the preliminary analyses carried out for the adoption of the Model;
- changes to situations of risk or potentially at risk;
- any communication by the Auditor concerning aspects that may indicate shortcomings in the system of internal controls;
- copy of the minutes of the meetings of the Board of Directors and of the Board of Statutory Auditors;
- copy of any correspondence sent to the Supervisory Committee (e.g. Italian Competition Authority, Italian Data Protection Authority, etc.);
- any other information that the Supervisory Committee may request in order to carry out its duties.

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**8. SUPERVISORY COMMITTEE REGULATIONS**

The Supervisory Committee, if it deems it appropriate, may draw up its own internal regulations setting out the specific aspects and manner in which it will carry out its activities, including with regard to its organisational and operation system.

**9. ARCHIVING OF INFORMATION**

The Supervisory Committee is obliged to provide documentary evidence of its activities (including minutes of meetings) and to archive (while ensuring confidentiality) all reports, correspondence and requests sent to it. This documentation will be kept at the Supervisory Committee's offices.

Any information or report provided for in this Organisation Model will be kept by the Supervisory Committee in a special confidential computer file and/or physical folder in accordance with the provisions of Decree 196/2003, as amended by EU Reg. 679/2016 and by Leg. Dec. no. 101/2018, for a period of 10 years.

**10. INTERACTIONS WITH THE SUPERVISORY COMMITTEE**

The Supervisory Committee shall liaise with IMA S.p.A.'s Supervisory Committee, in its capacity as holding company, with regard to defining planned and completed activities, initiatives undertaken, actual measures prepared and critical issues observed in their supervisory activities.

In particular, by way of a non-limiting example, the Supervisory Committee shall promptly report the following to the Supervisory Committee of IMA S.p.A.:

- the main planned verifications;
- any criticalities found in the course of its verifications;
- periodic reports drawn up for the Board of Directors/Board of Statutory Auditors on activities carried out.

Information may be exchanged among the Supervisory Committees during joint meetings. Such meetings may be scheduled annually.

The Supervisory Committee must also liaise with the Whistleblowing Prescribed Person, indicated in paragraph "L" below, with whom it must cooperate - and by whom it must be kept promptly informed and updated - in the event of Whistleblowing relating to breaches of the Organisation Model, company policies and procedures in the Areas at Risk of Offence and/or conduct that may be directed, even instrumentally, towards the commission of a Predicate Offence.

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**L. WHISTLEBLOWING**

In line with that envisaged in art. 6(2)*bis* of Leg. Dec. no. 231/2001 and Leg. Dec. no. 24 of 10 March 2023 (“**Whistleblowing Decree**” or “**WB Decree**”) - the latter issued in implementation of Directive (EU) 2019/1937 on the “protection of persons who report breaches of Union law and laying down provisions on the protection of persons who report breaches of national law”) - the Company has put in place whistleblowing channels (“**Whistleblowing**”) for reporting behaviour, acts or omissions detrimental to public interests and/or the integrity of the Company (so-called “breaches”, pursuant to art. 2(1)(a) of the WB Decree), in accordance with the provisions of art. 4 of the aforementioned decree.

In this context, and in accordance with the Parent Company's instructions, the Company has adopted and currently has in place a written procedure governing the aforementioned Whistleblowing, to which a specific section on its website is dedicated (“[WB Section](#)”).

The above “policy”, available in the WB Section of the Company's website and on special noticeboards, governs the whistleblowing procedures, the duties and prerogatives of the person receiving the reports (“**Prescribed Person**”) and the phases in which Whistleblowing is managed; this policy also sets out adequate safeguards for the whistleblower, the named parties and any third parties, also in compliance with the provisions of Regulation (EU) 2016/679 on the protection of personal data.

As envisaged in the Disciplinary and sanction system, retaliatory or discriminatory actions, whether direct or indirect, against the whistleblower for reasons directly or indirectly related to the Report, are absolutely prohibited. Such behaviours may be reported to the national Labour Inspectorate and are a source of disciplinary responsibility, as is the conduct of those who breach the measures taken to protect the whistleblower. On the other hand, penalties are legitimate for those making reports with malice or misconduct later found to be unfounded.

**M. PERIODIC CHECKS AND UPDATING OF THE MODEL**

The Decree expressly provides that the Organisation Model needs to be updated in order to bring it into line with the Company's specific requirements and actual operations. The Model must be adapted and/or updated essentially in the following circumstances:

- legislative changes;
- breaches of the Model and/or findings made during checks on the effectiveness of the Model (which may also be deduced from experiences involving other companies);

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- changes to the entity's organisational structure, including where arising from extraordinary finance operations or from changes to the business strategy as a result of new lines of business embarked upon.

Specifically, responsibility for updating the Model and, therefore, for making additions and/or amendments to the Model, lies with the same management body to which the legislator has assigned the task of adoption of the Model. Therefore, the Supervisory Committee, in liaison with the heads of department from time to time affected, must:

- check procedures and protocols. To that end, it will periodically check the effectiveness and implementation of the protocols and procedures set out in this Model;
- check the level of awareness of the Model including by analysing requests for clarification or reports received;
- inform the administrative body of the need to update the Model and/or of the risk assessment activity aimed at reviewing the mapping of activities potentially at risk, where the conditions set out above are met (and, in particular, in the presence of substantial changes in the Company's organisation or business, high staff turnover or in the case of additions or amendments to the Decree).



## **Tissue Machinery Company S.p.A.**

Head office in Castel Guelfo di Bologna (BO), Via I Maggio 3/Z, I. Poggio Piccolo

### **ORGANISATION, MANAGEMENT AND CONTROL MODEL**

under Legislative Decree no. 231 of 8 June 2001  
on “Corporate Administrative Liability”

#### **General Section**

### **ANNEX A – PREDICATE OFFENCES**

*The present “Organisation, Management and Control Model” (“Model or Organisation Model”) of TMC S.p.A. has been written and revised in accordance with the provisions of Articles 6 and 7 of Legislative Decree no. 231/2001.*

*The “Organisation Model” is the management reference designed to be the tool for prevention of the offences provided for by the aforementioned Leg. Dec. in accordance with the corporate ethical policy adopted by the Company.*

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The present **Annex A** includes the list of all predicate offences provided for by Leg. Dec. no. 231 of 8 June 2001, on “Rules laying down the administrative liability of legal persons, companies and associations, including those without legal personality, under art. 11 of Law no. 300 of 29 September 2000”, published in Official Journal no. 140 of 19 June 2001 and updated on 23 March 2022, the date on which law no. 22 of 9 March 2022 came into effect, which introduced art. 25-septiesdecies and 25-duodevicies into Leg. Dec. 231/2001.

- **Art. 24 Leg. Dec. no. 231/2001 - Misappropriation of payments, fraud against the State or Public Entity or for obtaining public funds and computer fraud against the State or a public entity (as amended by Law no. 161/2017 and by Law no. 3/2019)<sup>1</sup>:**
- Embezzlement of public funds (art. 316-*bis* Italian Criminal Code);
  - Unlawful receipt of public funds (art. 316-*ter* Italian Criminal Code);
  - Fraud against the State or other public entity or European Communities (art. 640(2), no. 1 Italian Criminal Code);
  - Aggravated fraud for obtaining public funds (art. 640-*bis* Italian Criminal Code);
  - Computer fraud against the State or other public entity (art. 640-*ter* Italian Criminal Code).
  - Fraud in public supplies (art. 356 Italian Criminal Code);
  - Fraud against the European Agricultural Fund (art. 2. L. 23/12/1986, no. 898).
- **Art. 24 bis Leg. Dec. no. 231/2001 - Computer crimes and unlawful data processing (amended by Leg. Dec. no. 7 and 8/2016 and by Leg. Dec. no. 105/2019, converted with amendments from Law no. 133/2019)<sup>2</sup>:**
- Computer documents (art. 491-*bis* Italian Criminal Code)
  - Unauthorized access to a computer or telematic system (art. 615-*ter* Italian Criminal Code);
  - Unauthorised possession, distribution and installation of equipment, codes and other means designed to access IT and telematics systems (art. 615-*quater* Italian Criminal Code);
  - Unauthorised possession, distribution and installation of equipment, devices or computer programs designed to damage or disrupt a computer or telematics system (art. 615-*quinquies* Italian Criminal Code);
  - Interception, unavailability or illicit interruption of computer or telematic communications (art. 617-*quater* Italian Criminal Code);
  - Unauthorised possession, distribution and installation of equipment and other means designed to intercept, impede or interrupt IT or telematics communications (art. 617-*quinquies* Italian Criminal Code);
  - Corruption of information, data and computer programs (art. 635-*bis* Italian Criminal Code);
  - Corruption of information, data and computer programs used by governments or other public entities or in any case of public convenience (art. 635-*ter* Italian Criminal Code);
  - Damage to computer or telematic systems (art. 635-*quater* Italian Criminal Code);
  - Damage to computer or telematic systems of public convenience (art. 635-*quinquies* Italian Criminal Code);

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<sup>1</sup> Article amended by Law no. 161/2017 and Leg. Dec. no. 75/2020.

<sup>2</sup> Article added from art. 7 Law no. 48 of 18 March 2008.

- Computer fraud by the provider of electronic signature certification services (art. 640-*quinquies* Italian Criminal Code);
  - Violation of national cyber security perimeter regulations (art. 1(11), Leg. Dec. no. 105/2019, converted with amendments from Law no. 133/2019).
- **Art. 24 ter Leg. Dec. no. 231/2001 - Organized crime offenses (amended by Law no. 69/2015)<sup>3</sup>:**
- Criminal association (art. 416 Italian Criminal Code);
  - Criminal association aimed at forcing or keeping persons in slavery, human trafficking, purchase and sale of slaves and offences relating to violations of the guidelines on unlawful immigration pursuant to Article 12 Leg. Dec. no. 286/1998 (art. 416(6) Italian Criminal Code);
  - Mafia-type association including with foreign organisations (art. 416-*bis* Italian Criminal Code);
  - Political-mafia electoral exchange (art. 416-*ter* Italian Criminal Code);
  - Kidnapping for extortion (art. 630 Italian Criminal Code);
  - Association aimed at illicit trafficking in narcotic drugs or psychotropic substances (art. 74 Presidential Dec. no. 309 of 9 October 1990);
  - Illegal manufacture, introduction into the State, offering for sale, sale, possession and port, in a public place or open to the public, of military weapons or war type or parts thereof, explosives, firearms and illegal weapons or more common guns (art. 407(2) letter a), number 5), Italian Criminal Procedure Code);
  - All the crimes committed under the conditions provided by art. 416-*bis* Italian Criminal Code to facilitate the activity of the associations provided by the same article.
- **Art. 25 Leg. Dec. no. 231/2001 - Crimes of bribery, unlawful incitement to give or promise benefits and corruption<sup>4</sup>:**
- Embezzlement (limited to first paragraph) (art. 314, I Italian Criminal Code);
  - Embezzlement through profit from the error of others (art. 316 Italian Criminal Code);
  - Bribery (art. 317 Italian Criminal Code);
  - Corruption in the exercise of the function (art. 318);
  - Corruption for an act contrary to official duties (art. 319 Italian Criminal Code);
  - Aggravating circumstances (art. 319-*bis* Italian Criminal Code);
  - Corruption in judicial acts (art. 319-*ter* Italian Criminal Code);
  - Unlawful incitement to give or promise benefits (art. 319-*quater* Italian Criminal Code);
  - Corruption of public service personnel (art. 320 Italian Criminal Code);
  - Penalties for the corruptor (art. 321 Italian Criminal Code);
  - Incitement to bribery (art. 322 Italian Criminal Code);
  - Embezzlement, bribery, unlawful incitement to give or promise benefits, corruption and incitement to bribery of members of international courts or bodies of European Communities or international parliamentary assemblies or international organisations and civil servants of European Communities or foreign states (art. 322-*bis* Italian Criminal Code);

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<sup>3</sup> Article added from Law no. 94 of 15 July 2009, art. 2(29).

<sup>4</sup> Article amended by Law no. 190/2012, Law no. 3/2019 and Leg. Dec. no. 75/2020.

- Unlawful influence (art. 346-*bis* Italian Criminal Code)
- Abuse of office (art. 323 Italian Criminal Code).

➤ **Art. 25 bis Leg. Dec. no. 231/2001 - False coins in public credit revenue stamps and tools or identifying marks (amended by Law no. 99/2009 and by Leg. Dec. no. 125/2016)<sup>5</sup>:**

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

➤ **Art. 25 bis.1. Leg. Dec. no. 231/2001 - Crimes against industry and commerce <sup>6</sup>:**

- Obstructing of industry or commerce (art. 513 Italian Criminal Code);
- Illegal competition with threats or violence (art. 513-*bis* Italian Criminal Code);
- Fraud against domestic industries (art. 514 Italian Criminal Code);
- Fraudulent trading (art. 515 Italian Criminal Code);
- Sale of non-genuine foodstuffs as genuine (art. 516 Italian Criminal Code);
- Sale of industrial products with misleading signs (art. 517 Italian Criminal Code);
- Manufacture and sale of goods made by usurping industrial property (art. 517-*ter* Italian Criminal Code);
- Counterfeiting of geographical indications or appellations of origin of food products (art. 517-*quater* Italian Criminal Code);

➤ **Art. 25 ter Leg. Dec. no. 231/2001 - Corporate crime (amended by Law no. 190/2012 and by Law no. 69/2015 and by Leg. Dec. no. 38/2017)<sup>7</sup>:**

- False corporate communications (art. 2621 Italian Civil Code);
- Misdemeanours (art. 2621-*bis* Italian Civil Code);
- False corporate communications of listed companies (art. 2622 Italian Civil Code);

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<sup>5</sup> Article added from art. 6 Leg. Dec. no. 350 of 25 September 2001, amended in Law no. 409 of 23 November 2001.

<sup>6</sup> Article added from Law no. 99 of 23 July 2009.

<sup>7</sup> Article added from art. 3 Leg. Dec. no. 61 of 11 April 2002.

- Prevented control (art. 2625(2), Italian Civil Code);
- Wrongly refund of duty (art. 2626 Italian Civil Code);
- Unlawful distribution of profits and reserves (art. 2627 Italian Civil Code);
- Illegal transactions involving shares or shares in the company or of the parent company (art. 2628 Italian Civil Code);
- Operations to the detriment of creditors (art. 2629 Italian Civil Code);
- Failure to disclose conflict of interest (art. 2629-*bis* Italian Civil Code);
- Fictitious capital making (art. 2632 Italian Civil Code);
- Unlawful distribution of corporate assets by the liquidators (art. 2633 Italian Civil Code);
- Corruption between private individuals (art. 2635(3), Italian Civil Code);
- Incitement to corruption between private individuals (art. 2635-*bis* (1), Italian Civil Code);
- Unlawful influence over Assembly (art. 2636 Italian Civil Code);
- Insider trading (art. 2637 Italian Civil Code);
- Hindrance to the supervisory functions of public authorities (art. 2638(1,2) Italian Civil Code);

➤ **Art. 25 quater Leg. Dec. no. 231/2001 - Offences with the purpose of terrorism or subversion of democracy:**

Article 3 Law no. 7 of 14 January 2003 ("Ratification and execution of the International Convention for the Suppression of the Financing of Terrorism and rules for adaptation of national regulations") added Article 25-*quater* to Leg. Dec. no. 231/2001, which also extended the administrative liability of entities to "offences with the purpose of terrorism or subversion of democracy, provided for under the criminal code and special laws", and to crimes "that are committed in violation of that laid down in Article 2 of the International Convention for the Suppression of the Financing of Terrorism signed in New York on 9 December 1999".

➤ **Art. 25 quater.1 - Practice of female genital mutilation<sup>8</sup>:**

Law no. 7 of 9 January 2006 introduced Article 25-*quater* 1, envisaging the entity's liability for the hypothesis envisaged in Article 583-*bis* of the Italian Criminal Code ("*Practice of female genital mutilation*").

➤ **Art. 25 quinquies Leg. Dec. no. 231/2001 - Crimes against individuals (amended by Law no. 199/2016)<sup>9</sup>:**

- Reduction or maintenance in slavery or servitude (art. 600 Italian Criminal Code);
- Child prostitution (art. 600-*bis* Italian Criminal Code);
- Child pornography (art. 600-*ter* Italian Criminal Code);
- Possession of or access to pornographic material (art. 600-*quater* Italian Criminal Code);
- Virtual pornography (art. 600-*quater*.1 Italian Criminal Code);
- Tourism initiatives for the exploitation of child prostitution (art. 600-*quinquies* Italian Criminal Code);
- Trafficking in persons (art. 601 Italian Criminal Code);
- Purchase and sale of slaves (art. 602 Italian Criminal Code);
- Unlawful intermediation and exploitation of labour (art. 603-*bis* Italian Criminal Code);
- Child grooming (art. 609-*undecies* Italian Criminal Code);

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<sup>8</sup> Article added from art. 3 of Law no. 7 of 9 January 2006.

<sup>9</sup> Article introduced with Law of no. 228 of 11 August 2003, in force since 7 September 2003.

➤ **Art. 25 sexies Leg. Dec. no. 231/2001 - Market abuse (amended by Leg. Dec. no. 107/2018)<sup>10</sup>:**

Law no. 62 of 18 April 2005 introduced Article 25-*sexies* (*Market abuse*) to Leg. Dec. no. 231/2001, envisaging the entity's liability in relation to insider dealing and market manipulation envisaged by part V, heading I *bis*, point II of the Consolidation Act under Leg. Dec. no. 58 of 24 February 1998 (art. 184,185). To these are added art. 187-*quinquies* of Leg. Dec. no. 58/1998 that, while not included among the crimes under art. 25-*sexies* of Leg. Dec. no. 231/2001, provides the hypothesis of the entity being held liable for certain behaviours by persons related to it, in its interest or for its benefit (art. 14,15 of EU REG. no. 596/2014).

➤ **Art. 25 septies Leg. Dec. no. 231/2001 - Manslaughter or serious or critical injury committed in violation of the rules on health and safety in the workplace (amended by Law no. 3/2018)<sup>11</sup>:**

Law no. 123 of 3 August 2007 introduced art. 25-*septies* (subsequently amended by art. 300 of Leg. Dec. no. 81 of 30.4.2008), which contemplates the case of “*Manslaughter*” (art. 589 Italian Criminal Code) and “*Serious or critical injury*” (art. 590 Italian Criminal Code), *committed in violation of the rules governing accident prevention and health and safety in the workplace*.

➤ **Art. 25 octies Leg. Dec. no. 231/2001 - Receiving, laundering and use of money, property or benefits of illegal origin (amended by L. no. 186/2014 and by Leg. Dec. no. 195/2021)<sup>12</sup>:**

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

- Receiving (648 Italian Criminal Code);
- Laundering (648-*bis* Italian Criminal Code);
- Use of money, property or benefits of illegal origin (648-*ter* Italian Criminal Code);
- Self-laundering (648-*ter* 1 Italian Criminal Code).

➤ **Art. 25 octies.1 Leg. Dec. 231/2001 – Crimes involving non-cash payment instruments<sup>13</sup>:**

- Misuse and forgery of non-cash payment instruments (art. 493-*ter* Italian Criminal Code);
- Possession and distribution of equipment, devices or computer programs for the purpose of committing offences related to non-cash payment instruments (art. 493-*quater* Italian Criminal Code);
- Computer fraud aggravated by the creation of a transfer of money, monetary value or virtual currency (art. 640-*ter* Italian Criminal Code).

➤ **Art. 25 octies.1(2) Leg. Dec. 231/2001 – Other crimes involving non-cash payment instruments<sup>14</sup>:**

Unless the offence constitutes another administrative offence punishable more seriously, the entity is liable to a fine in relation to the commission of any other offence against public faith, against property or which in any case offends property provided for by the Criminal Code, when it concerns non-cash payment instruments.

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<sup>10</sup> Article added from Law no. 62/2005.

<sup>11</sup> Article added from Law no. 123/2007.

<sup>12</sup> Article added from Leg. Dec. no. 231/2007.

<sup>13</sup> Article added from Leg. Dec. no. 184/2021.

<sup>14</sup> Article added from Leg. Dec. no. 184/2021.

➤ **Art. 25 novies Leg. Dec. no. 231/2001 – Offences relating to breach of copyright** <sup>15</sup>:

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

➤ **Art. 25 decies Leg. Dec. no. 231/2001 - Inducement to withhold statements or to give false statements to the legal authorities** <sup>16</sup>:

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

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<sup>15</sup> Article added from Law no. 99 of 23 July 2009.

<sup>16</sup> This Article was added from art. 4 Law no. 116 of 3 August 2009, as art. 25-*novies*, not taking into account the addition of said art. 25-*novies* by art. 15(7), letter c) of Law no. 99 of 23 July 2009. As such it has been renumbered art. 25-*decies*.

➤ **Transnational offences**<sup>17</sup>:

Definition of transnational offences:

Under this Law (Law no. 146/2006), a transnational offence is considered as an offence punished by imprisonment of no less than four years, if an organised criminal group is involved, and:

- a) the offence is committed in more than one State;
- b) or it is committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State;
- c) or it is committed in one State but an organised criminal group is implicated within it that operates in criminal activities in more than one State;
- d) or it is committed in one State but has substantial effects in another State.

Envisaged offences:

- Criminal association (art. 416 Italian Criminal Code);
- Mafia-type associations, including with foreign organisations (art. 416-*bis* Criminal Code);
- Inducement to withhold statements or to give false statements to the legal authorities (art. 377-*bis* Italian Criminal Code);
- Aiding and abetting an offender (art. 378 Italian Criminal Code);
- Criminal conspiracy to smuggle foreign processed tobacco (art. 291-*quater* Presidential Decree 43/73);
- Conspiracy related to the illegal trafficking of narcotics or psychotropic substances (art. 74 Presidential Decree 309/1990);
- Provisions against unlawful immigration (art. 12, sections 3, 3-*bis*, 3-*ter*, and 5, Leg. Dec. no. 286/98).

➤ **Art. 25 undecies Leg. Dec. no. 231/2001 – Environmental offences (and amended by Law no. 68/2015 and, lastly, by Leg. Dec. no. 21/2018)**<sup>18</sup>:

- The killing, destruction, removal or possession of protected plant or animal species (art. 727-*bis*, Italian Criminal Code);
- The destruction or damaging of protected habitats (art. 733-*bis*, Italian Criminal Code);
- Discharge of industrial waste water containing hazardous substances; discharge into the soil, subsoil, or groundwater; discharge into the sea by ships and aircraft (various cases as provided for under art. 137, Leg. Dec. no. 152/2006);
- Unauthorised handling of waste (various cases as provided for under art. 256, Leg. Dec. no. 152/2006);
- Pollution of the soil, subsoil, surface or groundwater (art. 257, Leg. Dec. no. 152/2006);
- Violation of obligations of disclosure, keeping of mandatory records and registers (art. 258, Leg. Dec. no. 152/2006);
- Illegal trafficking of waste (art. 259 Leg. Dec. no. 152/2006);

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<sup>17</sup> Law no. 146 of 16 March 2006, which extends the liability of entities to so-called transnational offences

<sup>18</sup> Article added from Leg. Dec. no. 121 of 7 July 2011, under the name of: "Implementation of directive 2008/99/EC on the protection of the environment, and of directive 2009/123/EC, which amends directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements". Published in OJ no. 177, of 1 August 2011, in effect since 16 August 2011.

- False statements on the nature, composition and chemical and physical characteristics of waste on a waste analysis certificate; (inclusion of a false waste analysis certificate in SISTRI records; omission or fraudulent alteration of the printed copy of the SISTRI form – waste handling area) (art. 260-*bis*, Leg. Dec. no. 152/2006);
- Atmospheric emissions exceeding limit values or in breach of regulations (art. 279, Leg. Dec. no. 152/2006);
- Import, export, holding, use for profit, purchase, sale, display or holding for sale or commercial purposes of protected species (art. 1, 2, 3-*bis* and 6, Law no. 150/1992);
- Production, consumption, import, export, holding and sale of substances harmful to the ozone layer and the environment (art. 3 Law no. 549/1993);
- Ship-source malicious and negligent pollution (art. 8,9 Leg. Dec. no. 202/2007);
- Environmental pollution (art. 452-*bis* Italian Criminal Code)<sup>19</sup>;
- Environmental disaster (art. 452-*quater* Italian Criminal Code);
- Negligent offences against the environment (art. 452-*quinquies* Italian Criminal Code);
- Transportation and dumping of highly radioactive material (art. 452-*sexies* Italian Criminal Code);
- Aggravating circumstances (art. 452-*octies* Italian Criminal Code);
- Organised activities for the illegal trafficking of waste (art. 452-*quaterdecies* Italian Criminal Code)<sup>20</sup>.

➤ **Art. 25 duodecies Leg. Dec. no. 231/2001 – Employment of foreign nationals with irregular permit of stay (amended by Law no. 161/2017)<sup>21</sup>:**

- Provisions against unlawful immigration (art. 12(3), (3-*bis*), (3-*ter*) and (5), Leg. Dec. no. 286/1998)<sup>22</sup>;
- Employment of foreign nationals with irregular permit of stay (art. 22(12-*bis*), Leg. Dec. no. 286 of 25 July 1998).

➤ **Art. 25 terdecies Leg. Dec. no. 231/2001 – Racism and xenophobia<sup>23</sup>:**

- Propaganda, instigation to commit crimes on grounds of ethnic and religious racial discrimination (art. 604-*bis* Italian Criminal Code).

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<sup>19</sup> Heading VI-*bis*, including art. 452-*bis* to 452-*terdecies*, was added from art. 1(1), Law no. 68 of 22 May 2015, in effect from 29 May 2015, pursuant to that provided for under art. 3(1) of the same Law no. 68/2015.

<sup>20</sup> Article introduced by Leg. Dec. no. 21/2018 in place of art. 260 of Leg. Dec. no. 152/2006, repealed by the aforementioned decree of 2018, the substantial criminal case has not undergone significant changes.

<sup>21</sup> Article added from Leg. Dec. no. 109/2012, published in OJ no. 172 of 25 July 2012 and entered into force on 9 August 2012.

<sup>22</sup> Article introduced in art. 25-*duodecies* by Law no. 161/2017.

<sup>23</sup> Article added from Law no. 167/2017, published in OJ no. 277 of 27 November 2017 and subsequently amended by Leg. Dec. no. 21/2018.

- **Art. 25 quaterdecies Leg. Dec. no. 231/2001 – Fraud in sports competitions, illegal gaming or betting and gambling exercised by means of prohibited equipment<sup>24</sup>:**
  - Fraud in sports competitions (art. 1, Law no. 401/1989);
  - Abusive exercise of gambling or betting activities (art. 4, Law no. 401/1989).
  
- **Art. 25 quinquiesdecies Leg. Dec. no. 231/2001 – Tax Offences<sup>25</sup>:**
  - Fraudulent declaration through the use of invoices or other documents for non-existent operations (art. 2, Leg. Dec. no. 74/2000);
  - Fraudulent declaration by other devices (art. 3, Leg. Dec. no. 74/2000);
  - False declaration (art. 4 Leg. Dec. 74/2000);
  - Failure to declare (art. 5 Leg. Dec. 74/2000);
  - Issue of invoices or other documents for non-existent operations (art. 8, Leg. Dec. no. 74/2000);
  - Concealment or destruction of accounting documents (art. 10, Leg. Dec. no. 74/2000);
  - Unlawful compensation (art. 10-*quater* Leg. Dec. 74/2000);
  - Fraudulent deduction from tax payments (art. 11, Leg. Dec. no. 74/2000).
  
- **Art. 25 sexiesdecies Leg. Dec. 231/2001 – Smuggling<sup>26</sup>:**
  - Smuggling in the movement of goods across land borders and customs spaces (art. 282 Presidential Dec. no. 43/1973);
  - Smuggling in the movement of goods across border lakes (art. 283 Presidential Dec. no. 43/1973);
  - Smuggling in the movement of goods by sea (art. 284 Presidential Dec. no. 43/1973);
  - Smuggling in the movement of goods by air (art. 285 Presidential Dec. no. 43/1973);
  - Smuggling in non-customs areas (art. 286 Presidential Dec. no. 43/1973);
  - Smuggling for improper use of goods imported with customs facilities (art. 287 Presidential Dec. no. 43/1973);
  - Smuggling in customs warehouses (art. 288 Presidential Dec. no. 43/1973);
  - Smuggling in cabotage and in circulation (art. 289 Presidential Dec. no. 43/1973);
  - Smuggling in the export of goods eligible for duty drawback (art. 290 Presidential Dec. no. 43/1973);
  - Smuggling in temporary import or export (art. 291 Presidential Dec. no. 43/1973);
  - Smuggling foreign tobacco products (art. 291-bis Presidential Dec. no. 43/1973);
  - Aggravating circumstances of smuggling foreign tobacco products (art. 291-*ter* Presidential Dec. no. 43/1973);
  - Criminal association for the purpose of smuggling foreign tobacco products (art. 291-*quater* Presidential Dec. no. 43/1973);

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<sup>24</sup> Article added from Law no. 39/2019, published in OJ no. 113 of 16 May 2019.

<sup>25</sup> Article added from Leg. Dec. no. 124/2019, converted with amendments from Law no. 157/2019, subsequently amended by Leg. Dec. no. 75/2020.

<sup>26</sup> Article added from Leg. Dec. no. 75/2020.

- Other cases of smuggling (art. 292 Presidential Dec. no. 43/1973);
- Aggravating circumstances of smuggling (art. 295 Presidential Dec. no. 43/1973).

➤ **Art. 25 septiesdecies Leg. Dec. 231/2001 – Crimes against cultural property<sup>27</sup>:**

- Theft of cultural property (art. 518-*bis* Italian Criminal Code);
- Misappropriation of cultural property (art. 518-*ter* Italian Criminal Code);
- Receiving of cultural property (art. 518-*quater* Italian Criminal Code);
- Forgery of a private contract relating to cultural property (art. 518-*octies* Italian Criminal Code);
- Breaches in relation to the disposal of cultural property (art. 518-*novies* Italian Criminal Code);
- Unlawful importing of cultural property (art. 518-*decies* Italian Criminal Code);
- Illegal export or removal of cultural property (art. 518-*undecies* Italian Criminal Code);
- Destruction, dispersal, deterioration, defacement, despoiling and unlawful use of cultural and landscape property (art. 518-*duodecies* Italian Criminal Code);
- Forgery of works of art (art. 518-*quaterdecies* Italian Criminal Code).

➤ **Art. 25 duodevicies Leg. Dec. 231/2001 – Laundering of cultural property and devastation and looting of cultural and landscape property<sup>28</sup>:**

- Laundering of cultural property (art. 518-*sexies* Italian Criminal Code);
- Devastation and looting of cultural and landscape property (art. 518-*terdecies* Italian Criminal Code).

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<sup>27</sup> Article added from Law no. 22/2022.

<sup>28</sup> Article added from Law no. 22/2022.



## **Tissue Machinery Company S.p.A.**

Head office in Castel Guelfo di Bologna (BO), Via I Maggio 3/Z I. Poggio Piccolo

### **ORGANISATION, MANAGEMENT AND CONTROL MODEL**

under Legislative Decree no. 231 of 8 June 2001  
on "Corporate Administrative Liability"

#### **General Section**

### **ANNEX B - DISCIPLINARY AND SANCTION SYSTEM**

*The present "Organisation, Management and Control Model" ("Model or Organisation Model") of TMC S.p.A. has been written and revised in accordance with the provisions of Articles 6 and 7 of Legislative Decree no. 231/2001.*

*The "Organisation Model" is the management reference designed to be the tool for prevention of the offences provided for by the aforementioned Leg. Dec. in accordance with the corporate ethical policy adopted by the Company.*

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***Organisation, Management and Control Model under Legislative Decree 231/2001  
General Section***

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***Organisation, Management and Control Model under Legislative Decree 231/2001  
General Section***

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**1. RECITALS - DEFINITIONS**

The disciplinary and sanction system forms an integral part of TMC's Organisation Model. The capitalised terms contained in this document have the meaning given to them in the General Section of the Model.

In order to comply with and ensure the effectiveness and implementation of the principles and rules of conduct contained in the Model (including the Code of Ethics), the Company has adopted, in accordance with Articles 6 and 7 of Decree no. 231/2001, this disciplinary and sanction system (hereinafter "**Disciplinary System**") which consists of a set of rules that define the types of "sanctions" that are imposed if the provisions of the Model and of the Code of Ethics are breached by Employees, Collaborators, Suppliers, Directors, Key Personnel and Individuals subject to Third-Party Direction and/or any other person having business or commercial dealings with the Company.

This Disciplinary System is designed to sanction any breach and failure to comply with rules of behaviour and conduct which may result in (or be instrumental to) the commission of Predicate Offences and/or breach and failure to comply with Company procedures, processes and policies in place in At-Risk Areas. As already indicated in the definitions (see Paragraph "A" of the "General Section"), the reference to the "Code of Ethics" contained in this document is therefore limited exclusively to those rules of conduct and behaviour (specified therein) the breach of which and/or failure to comply with which may result in (or be instrumental to) the commission of a Predicate Offence.

The application of the "disciplinary sanctions" and measures specified below is not, pursuant to the Decree, conditional upon the outcome of any criminal proceedings brought against the perpetrator of the breach, insofar as the rules of conduct laid down in the Model (including the Code of Ethics) are adopted voluntarily by the Company on an entirely independent basis, regardless of whether any conducts may constitute an offence or are pursued by the courts.

In order that the Model can serve to exclude the Company's liability pursuant to art. 6(2) of the Decree, the Disciplinary System adopted by the Company is based on principles of specificity and autonomy (it being designed to sanction any breach of the Model regardless of whether an offence is actually committed) as well as proportionality (insofar as the sanctions applicable must be commensurate with the breaches charged). Furthermore, the System involves a procedure for establishing and imposing disciplinary sanctions consistent with current laws on protection of workers, as well as compliance with the provisions contained in the National Collective Labour Agreement (CCNL). Specific details are given about the System through the Company's information channels (i.e. noticeboard and company intranet) and through staff training.

***Organisation, Management and Control Model under Legislative Decree 231/2001  
General Section***

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## **2. SANCTIONS FOR EMPLOYEES AND MANAGERS**

### **2.1 General principles and sanctionable behaviours**

The Company's employees (including managers) are required to comply with the provisions contained in the Model, in the Code of Ethics, in the Company's protocols and in the procedures described in the Model or referred to therein, as a fundamental part of their contractual obligations under art. 2104 of the Civil Code.

Therefore, any breach of those provisions will constitute a failure by the employee to perform the obligations arising from the employment relationship and will lead to the imposition of sanctions and/or disciplinary measures, in observance of the principle of graduality and proportionality and in accordance with the procedures laid down by the applicable laws indicated below. Any such breach will entail the consequences laid down by law, including in relation to the continuation of the employment relationship and the obligation to compensate for any harm caused.

The Disciplinary System is applied in the event of breach of the internal procedures, principles and policies (including orders given by the Company both in written and oral form) specified or referred to in this Model and in the Code of Ethics, i.e. where specific sanctionable behaviours are adopted (without prejudice to any consequences, including disciplinary consequences, arising from breaches of other obligations laid down by law and/or in the National Collective Labour Agreement). The following behaviours in particular constitute breaches of the Model:

- behaviours which constitute, directly or indirectly, offences covered by the Decree;
- behaviours which, although not constituting one of the offences covered by the Decree, are unequivocally intended at committing those offences;
- failure to comply with the Code of Ethics, with general principles governing behaviour, with control principles and systems, with preventive protocols, with Company procedures (including Organisational Procedures), with internal regulations, with written or verbal instructions and with the provisions specified or referred to in the Model, including, in particular, those specified or referred to in Special Section A of the Model in relation to each category of offence;
- lack of evidence or untruthful evidence about activities carried out in relation to the documentation, monitoring and supervision of activities in at-risk areas in such a manner as to impede the transparency or verifiability of those activities;
- breach and/or evasion of the control system, by removing, destroying, altering or omitting the documentation required under current procedures or by obstructing the appointed bodies and the Supervisory Committee from monitoring or accessing requested information and documentation;
- failure to comply with the provisions relating to signatory powers and the system of delegations;

***Organisation, Management and Control Model under Legislative Decree 231/2001  
General Section***

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- failure on the part of immediate superiors to supervise their subordinates with respect to the correct and effective application of the Code of Ethics and of Company procedures;
- failure to comply with the reporting duties towards the Supervisory Committee;
- failure to take part without justified reason in the inspections scheduled by the Supervisory Committee;
- failure to take part without justified reason in the training events scheduled with respect to the Organisation Model;
- reporting of any of the breaches described above to the Supervisory Committee, to an immediate superior or to another person who is required to report the same to the Supervisory Committee, where the person reporting the breach knows that it is false or malicious;
- failure to report to the Supervisory Committee and/or to the immediate superior about any breaches of the Model notwithstanding direct and certain proof thereof;
- failure to notify/train/update internal and external staff operating in areas potentially at risk of an offence being committed;
- as regards health and safety at work, failure on the part of workers to fulfil the obligations incumbent upon them under current legislation (including, in particular, art. 20 of Legislative Decree no. 81/2008) and, as far as other safety officers are concerned (i.e. Employer, Managers, Officers, Head of Prevention and Protection Service, and other roles mentioned in Legislative Decree no. 81/2008), failure to fulfil the obligations incumbent upon them under Legislative Decree no. 81/2008.

Equally, the Disciplinary System adopted by the Company, in compliance with that laid down in lett. d), (2)*bis* of art. 6 Leg. Dec. no. 231/2001 - paragraph introduced in the aforesaid article under Law no. 179 of 30 November 2017 - applies to those who, with reference to the Reports described in chapter K section 6 letter E (*Whistleblowing*) of the General Section of the Model:

- breach the Company's measures to protect the Whistleblower;
- make reports with malice or misconduct later found to be unfounded.

The severity of breaches of the Model will be assessed according to the following circumstances:

- level of responsibility and autonomy of the perpetrator of the breach;
- possible existence of previous situations of breach involving that person;
- existence and intensity of any intent;
- as far as negligent conduct is concerned, existence and degree of negligence, carelessness or imprudence in the failure to observe the precautionary rule;
- foreseeability of the consequences of the conduct;
- severity of the behaviour, by which is meant the level of risk and the consequences to which the Company may reasonably consider that it is exposed, in accordance with the Model, as a result of the censured conduct;
- the time, manner and other circumstances in which the breach took place.

## ***Organisation, Management and Control Model under Legislative Decree 231/2001 General Section***

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Pursuant to sections 2-ter and 2-quater introduced under art. 6 Leg. Dec. no. 231/2001 under Law no. 179/2017 “Provisions for the protection of reporters of offences or wrongdoing witnessed at a public or private workplace”:

- the adoption of discriminatory measures towards whistleblowers under paragraph 2-bis may be reported to the national labour inspectorate, for the measures within its competence, not only by the whistleblower but also by the trade union organisation indicated by the same;
- the retaliatory or discriminatory dismissal of the whistleblower is null and void. The alteration of duties under art. 2103 of the Italian Civil Code or any other retaliatory or discriminatory measure adopted towards the whistleblower is also null and void. The employer shall, in case of disputes related to the imposition of disciplinary measures, or to demotions, dismissals, transfers, or submission of the whistleblower to another organisational measure having direct or indirect negative effects on working conditions, following submission of the report, demonstrate that such measures are based on reasons outside of said instance of whistleblowing.

### **2.2 Sanctions against employees (non-managers)**

The disciplinary measures that can be taken against employees (non-managers), in accordance with the procedures set out in art. 7 of the Workers' Statute and with any special laws applicable, are the sanctions laid down in the National Collective Labour Agreement, which are listed below in increasing level of severity:

- verbal warning;
- written warning;
- fine of no more than three hours' pay;
- suspension from work without pay;
- dismissal with notice;
- dismissal without notice.

For example, the sanction of:

- **verbal warning** or **written warning** is, depending on the severity of the breach, imposed on a worker who commits a minor breach of the rules of conduct and/or internal procedures specified or referred to in this Model or in the Code of Ethics or who fails to carry out orders given by the Company or who, in At-Risk Areas, adopts behaviours that do not conform to the Model, the Code of Ethics or the rules of conduct and/or procedures referred to therein, where the breaches are not serious in nature;
- **fine** is, within the limits laid down in the National Collective Labour Agreement, imposed on a worker who commits the breaches described in the previous paragraph several times (but no more than three);

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- **suspension from work without pay** is imposed on a worker who, in breaching the rules of conduct and/or internal procedures specified or referred to in this Model or in the Code of Ethics, causes non-serious harm to the Company or exposes it to the risk of non-serious harm;
- **disciplinary dismissal with notice** is, in accordance with current laws, imposed on a worker who commits the breaches referred to in point 2.1 more than three times or who, in At-Risk Areas, adopts behaviours that do not conform to the Model or the Code of Ethics or the rules of conduct and/or procedures referred to therein and which are clearly intended at committing one or more offences covered by the Decree or commits other breaches of this Model or the Code of Ethics or the rules of conduct and/or procedures referred to therein, where such breaches are so serious that it is not possible to continue the employment relationship, provided that the conditions laid down in paragraph 5 below are not fulfilled;
- **disciplinary dismissal for just reason, without notice** is imposed on a worker who, in At-Risk Areas, adopts behaviours manifestly in breach of this Model or the Code of Ethics or the rules of conduct and/or procedures referred to therein, where such breaches may result in the sanctions covered by the Decree being imposed on the Company or result in other serious harm or risk of serious harm being caused to the Company, or where the worker commits other acts or breaches such that it is not possible to continue the employment relationship, not even on a temporary basis.

These sanctions are imposed on employees not only in the case of actual breach of the rules of conduct and/or procedures referred to in this Model and in the case of conducts that do not conform to the Model and the Code of Ethics but also in the case of attempted offences, i.e. behaviours or omissions clearly intended at disregarding the behavioural rules laid down in this Model.

As regards health and safety of workers, since employees are also obliged to comply with the main obligations laid down in art. 20 of Decree no. 81/2008, if those obligations are breached, the aforementioned sanctions will be applied on a graduated basis according to the risk of application of the measures specified in the Decree that their conduct has brought about.

The actual sanction to be applied will be determined according to point 2.4 below.

None of the above affects the right to claim compensation for the harm caused as a result of such behaviours, including harm caused as a result of a judge applying the measures laid down in the Decree.

### **2.3 Sanctions against managers**

If the Company's managers breach the provisions, rules of conduct and procedures contained in the Model or in the Code of Ethics or, in At-Risk Areas, adopt behaviours that do not conform to the Model or to the Code of Ethics and where such behaviours can be classified as

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"sanctionable", as explained in point 2.1 above, the following sanctions will be adopted in relation to those responsible:

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

For example, the sanction of:

- **written warning** will be imposed on a manager who commits a non-serious breach of one or more procedural or behavioural rules laid down in the Model or in the Code of Ethics, the observance of which is necessary in order to maintain the relationship of trust with the Company, taking particular account of the responsibilities entrusted to the manager;
- **dismissal with notice** will be imposed on a manager, in accordance with art. 2118 of the Civil Code and with the provisions of the applicable National Collective Labour Agreement, who commits a serious breach of one or more stipulations of the Model or the Code of Ethics (i.e. procedural or behavioural rules laid down therein) or who commits again one or more breaches described in the previous point, such as to constitute, following appropriate and necessary checks by the Company, a substantial failure which can be ascribed to the fault or neglect of the manager;
- **dismissal without notice** will be imposed on a manager, in accordance with art. 2119 of the Civil Code and with the provisions of the applicable National Collective Labour Agreement, who commits a breach of one or more stipulations of the Model or Code of Ethics (i.e. procedural or behavioural rules included therein) where that breach is so serious that it causes irreparable harm to the relationship of trust and it is not possible to continue the employment relationship, not even on a temporary basis.

The actual sanction to be applied will be determined according to point 2.4 below.

In each case, for workers with manager status, the following constitute a serious breach of the stipulations of the Model:

- failure to fulfil the duty to manage or supervise their subordinate workers with respect to the correct and effective application of the Model;
- failure to fulfil the duty to supervise other recipients of the Model who, while not being connected to the Company by a subordinate employment relationship, are nonetheless subject to the stipulations of the Model (e.g. Collaborators, Suppliers, Consultants, etc.).

Without prejudice to the foregoing, the Company henceforth reserves the right to take action against any manager who has been subject to the measures indicated above in order to remedy the harm suffered and/or recover any damages that the Company is ordered to pay to third parties.

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#### **2.4 Checking of breaches and imposition of sanctions**

Specific company departments will be responsible for ascertaining violations, including those reported by the Supervisory Committee, for managing disciplinary proceedings and for imposing sanctions.

The Supervisory Committee must in all cases be involved in the procedure for ascertaining violations and in the subsequent imposition of sanctions where there is a breach of the Model (or of the Code of Ethics which forms an integral part thereof). A disciplinary measure cannot therefore be dropped or a sanction imposed for a breach of the Model (or of the Code of Ethics which forms an integral part thereof) without having previously informed the Supervisory Committee and sought its opinion, even if the proposal to commence the proceedings comes from the Committee itself.

None of the foregoing affects the provisions set out in art. 7 of Law no. 300/1970 and in the applicable National Collective Labour Agreement regarding sanction procedures, which are deemed to be fully incorporated herein by reference. Disciplinary sanctions and any claim for compensation will be commensurate with the employee's and/or the manager's level of responsibility and will take into account the existence of any previous breaches committed by that person, the intentionality of his/her behaviour and the severity of the same, by which is meant the level of risk to which the Company may reasonably consider that it is exposed, in accordance with the Model, as a result of the censured conduct. Furthermore, in assessing the severity of the conduct, account will be taken of the degree of negligence, carelessness or imprudence, the severity of any harm caused to the Company, as well as the harmful consequences that the conduct has caused to the Company and/or to individuals from the point of view of the laws on health and safety at work and the existence of mitigating or aggravating circumstances.

The sanctions that can be imposed under this Disciplinary System conform to the specifications of the national collective labour agreements applicable to the sector and, specifically, the applicable CCNL, in accordance, from a procedural point of view, with the provisions of art. 7 of Law no. 300 of 30 May 1970 (Workers' Statute) regarding the notification of the offence and the imposition of the respective sanction, which provisions are deemed to be fully incorporated herein by reference. In particular:

- no disciplinary measures will be adopted without the worker having previously been notified of the offence of which he/she is accused and having had the opportunity to put forward his/her defence;
- disciplinary measures more serious than a verbal warning will not be applied until five days have elapsed from the written notification of the offence giving rise to those measures, during which the worker may put forward his/her explanations and may possibly be assisted by a union representative;

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- if the disciplinary measure is not adopted within six days of the submission of those explanations, the latter will be deemed to have been accepted;
- the imposition of any disciplinary measure more serious than a verbal warning will be notified in writing and reasons will be given;
- for the purposes of determining any repeat offending, no account will be taken of disciplinary measures once two years have elapsed from the imposition of those measures.

### **3. MEASURES AGAINST DIRECTORS**

In the event of breach of the provisions contained in the Model and/or in the Code of Ethics (which forms an integral part thereof) by one or more members of the Board of Directors, the other directors and/or Board of Statutory Auditors and/or the Supervisory Committee must immediately notify the Board of Directors, Board of Statutory Auditors and the Supervisory Committee by writing to the chairmen of those bodies (or to one of their members if the reported breach concerns one of such persons directly).

Once the reported offence has been examined, the Board of Directors or the Board of Statutory Auditors will, after checking that the allegations are well-founded (which may involve interviewing the director concerned and consulting with the Supervisory Committee), take appropriate measures from those listed below according to the severity of the breach and may, where applicable, call a Shareholders' Meeting.

If one or more Directors who have allegedly committed an offence giving rise to the Company's administrative liability are committed for trial, the Chairman of the Board of Directors or the Chairman of the Board of Statutory Auditors must call a Shareholders' Meeting in order to discuss their possible removal from office or any different options, all of which must be appropriately justified. The same procedure will also apply for any subsequent procedural stages.

The following disciplinary measures may be taken against directors:

- **formal written warning** with an order to comply with the provisions of the Model, which may be given in the event of a minor infringement of the principles and rules of behaviour contained in this Model, in the Code of Ethics or in company procedures;
- in more serious cases of breaches involving a failure to comply with the stipulations and/or procedures and/or internal rules contained in this Model (including the Code of Ethics), even where the same may only potentially constitute an offence and/or an administrative offence and/or a conduct knowingly conflicting with the above stipulations, the following measures may be applied taking into account the intentionality and severity of the behaviour (which may also be assessed according to the level of risk to which the Company is exposed) and the specific circumstances in which that behaviour materialised: (i) **total or partial revocation of delegations** that may have been granted (ii) **removal from office** with immediate effect.

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The resolutions adopted by the Board of Directors, by the Board of Statutory Auditors and/or by the Shareholders' Meeting will be notified in writing to the individual concerned and to the Supervisory Committee.

The procedure described above does not affect the rights and duties attributed to the company organs by law or by the Bylaws.

In all cases where a breach of the Model (and/or of the Code of Ethics) is found to have been committed by a director who is also connected to the Company by a subordinate employment relationship, regardless of whether the breach concerns his/her duties as director or as employee, the procedure described in relation to Managers in point 2 above will be followed. If the individual concerned is dismissed as a result of that procedure, the Board of Directors will immediately call a Shareholders' Meeting in order to discuss the necessary measures, including removal of the Director in question.

None of the above affects the Company's right to compensation for the harm suffered.

#### **4. MEASURES AGAINST AUDITORS**

In the event one or more members of the Board of Statutory Auditors breaches the provisions of the Model or Code of Ethics, the Board of Directors and/or the Supervisory Committee shall, without delay and in writing, inform the entire Board of Statutory Auditors and all appropriate measures permitted by current legislation shall be taken, including removal of the individual(s) concerned from office.

In cases considered to be more serious, the Board of Directors, having informed the Board of Statutory Auditors, will call a Shareholders' Meeting to discuss the appropriate measures.

If one or more Statutory Auditors who have allegedly committed an offence giving rise to the Company's administrative liability are committed for trial, the Chairman of the Board of Directors or the Chairman of the Board of Statutory Auditors must call a Shareholders' Meeting in order to discuss their possible removal from office or any other options, all of which must be appropriately justified. The same procedure will also apply for any subsequent procedural stages.

In all cases the Company's right to bring actions for liability and compensation will be unaffected.

#### **5. MEASURES AGAINST COLLABORATORS AND COMMERCIAL PARTNERS**

In the event of breach of the stipulations of the Model or of the Code of Ethics by Collaborators, Suppliers or Partners, the Board of Directors (or the Managing Director or otherwise the Company representative responsible for managing contractual relationships) will, having consulted with the Supervisory Committee where necessary, decide whether to terminate the contractual relationship in force and will impose any sanction laid down in the contract pursuant to the specific clauses contained therein. These clauses may, in particular, specify

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that the Company has the right to terminate the contract and/or impose penalties as well as the right to claim compensation for the harm suffered.

The contract with Collaborators, Suppliers and Partners must be terminated immediately by the Company if the former are responsible for the breach of the stipulations and/or procedures and/or internal rules specified or referred to in this Model (including the Code of Ethics), even where the same may only potentially constitute an offence and/or administrative offence and/or a conduct knowingly conflicting with the above stipulations, if so provided in said contract.

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

**6. OVERSIGHT ROLE OF THE SUPERVISORY COMMITTEE**

The disciplinary system described here is constantly monitored by the Supervisory Committee. In particular, the Supervisory Committee checks that the Company has provided all workers and all recipients of the Organisation Model with adequate information about the existence of the Disciplinary System and about the consequences that may arise from breach of the principles and of the rules of conduct specified or referred to in the Model and in the Code of Ethics.

Furthermore, the Committee reports promptly to the Company's senior bodies about any reports that it has received concerning possible breaches of the Model or of the Code of Ethics, and asks the relevant company departments responsible for managing disciplinary proceedings and for imposing sanctions for information, data and/or facts which may be helpful in terms of monitoring the correct application of the Disciplinary System.

Finally, the Supervisory Committee, although not having direct disciplinary or sanctioning powers, must be informed about any disciplinary proceedings carried out and any sanctions imposed or about decisions made by the Company to abandon disciplinary proceedings brought against staff.