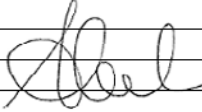




## Organisation, Management and Control Model ex Italian Legislative Decree 231/2001

**Paola Lenti S.r.l.**

Registered office in Viale Bianca Maria, 28 - 20129 Milano (MI)  
Operations Office/Residence for tax purposes Via Po, 100 A - 20821 Meda (MB)

| Version    | Adopted by the Board of Directors'<br>Meeting | Signature<br>Legal Representative   |
|------------|---|---|
| Version 01 | Resolution dated 27/09/2023                   |  |
|            |   |   |

## **Table of Contents**

|   |    |
|---|----|
| <b>DEFINITIONS</b>  | 4  |
| <b>GENERAL PART</b>   | 6  |
| <b>1 ITALIAN LEGISLATIVE DECREE 231/2001</b>                                  | 6  |
| 1.1 ADMINISTRATIVE LIABILITY OF ENTITIES                                      | 6  |
| 1.2 OFFENCES ENVISAGED BY THE DECREE  | 7  |
| 1.3 PENALTIES ENVISAGED BY THE DECREE   | 8  |
| 1.4 EXEMPTION FROM LIABILITY  | 9  |
| 1.5 CONFINDUSTRIA GUIDELINES  | 10 |
| <b>2. CORPORATE PROFILE</b>   | 11 |
| <b>3. PAOLA LENTI MODEL</b>   | 12 |
| 3.1 THE PURPOSE OF THE MODEL AND<br>THE UNDERLYING PRINCIPLES                 | 12 |
| 3.2 RECIPIENTS  | 13 |
| 3.3 METHODOLOGICAL PATH FOR DEFINING THE MODEL                                | 14 |
| 3.3.1 RISK-OFFENCE ACTIVITY MAPPING   | 14 |
| 3.3.2 IDENTIFICATION OF RISKY AND INSTRUMENTAL<br>BUSINESS PROCESSES          | 16 |
| 3.4 THE STRUCTURE OF THE MODEL  | 16 |
| <b>4 SUPERVISORY BODY (SB)</b>  | 17 |
| 4.1 OPERATIONAL AND FINANCIAL AUTONOMY OF THE SB                              | 17 |
| 4.2 IDENTIFICATION OF THE SB AND REQUIREMENTS                                 | 18 |
| 4.3 DUTIES OF THE SB  | 18 |
| 4.4 APPOINTMENT OF THE SB, EXPIRATION OF<br>THE ASSIGNMENT AND COMMUNICATIONS | 19 |
| 4.5 REPORTING ACTIVITIES TO AND FROM THE SB                                   | 20 |
| 4.6 OBLIGATION TO INFORM<br>AND REPORT TO THE SB                              | 20 |
| 4.7 PERIODIC CHECKS   | 23 |

|  |    |
|--|----|
| <b>5 PENALTY SYSTEM</b>  | 23 |
| 5.1 EMPLOYEE PENALTIES   | 23 |
| 5.2 PENALTIES FOR EMPLOYEES WITH<br>MANAGERIAL STATUS  | 24 |
| 5.3 PENALTIES FOR EMPLOYEES SUBJECT TO<br>DIRECTION OR SUPERVISION   | 25 |
| 5.4 MEASURES AGAINST DIRECTORS   | 25 |
| 5.5 MEASURES AGAINST SENIOR MANAGEMENT   | 25 |
| 5.6 MEASURES AGAINST PARTIES HAVING<br>CONTRACTUAL/COMMERCIAL RELATIONSHIPS  | 25 |
| 5.7 MEASURES IN APPLICATION OF<br>THE WHISTLEBLOWING REGULATIONS   | 26 |
| <b>6 TRAINING AND DISSEMINATION OF THE MODEL</b>   | 27 |
| 6.1 EMPLOYEE TRAINING  | 27 |
| 6.2 INFORMATION TO STAKEHOLDERS  | 27 |
| <b>7 UPDATING OF THE MODEL</b>   | 28 |
| SPECIAL PART   | 28 |
| <b>SPECIAL SECTION 1 - MANAGEMENT OF MONETARY,<br/>FINANCIAL FLOWS AND INVESTMENTS</b>   | 31 |
| <b>SPECIAL PART 2 – PERSONNEL SELECTION<br/>RECRUITMENT AND MANAGEMENT</b>   | 32 |
| <b>SPECIAL PART 3 - PROCUREMENT MANAGEMENT,<br/>INCLUDING SERVICES AND WORKS</b>   | 34 |
| <b>SPECIAL SECTION 4 - MANAGEMENT OF THE PRODUCTION<br/>PROCESS AND PRODUCT SALES</b>  | 36 |
| <b>SPECIAL PART 5 - PREPARATION OF THE FINANCIAL STATEMENTS,<br/>TAX RETURNS AND MANAGEMENT OF RELATIONS WITH CONTROL<br/>BODIES</b> | 38 |
| <b>SPECIAL PART 6 - INFORMATION SYSTEMS AND WEBSITE<br/>MANAGEMENT</b>   | 41 |
| <b>SPECIAL PART 7 - WORKPLACE SAFETY MANAGEMENT<br/>(EX ITALIAN LEGISLATIVE DECREE 81/2008) AND THE ENVIRONMENT</b>                  | 44 |
| <b>SPECIAL PART 8 - MANAGEMENT OF RELATIONS WITH<br/>PUBLIC BODIES AND INSPECTIONS</b>   | 45 |

## Definitions

**Paola Lenti:** Paola Lenti Srl

**Model:** Set of structured internal documents complying with the requirements of Italian Legislative Decree 231/2001, supporting the corporate organisation of Paola Lenti.

**Senior management:** natural persons who hold positions of representation, administration or management of the Company or of one of its organisational units with financial and functional autonomy, as well as natural persons who exercise, including de facto, management and control.

**Persons working under the instructions of superiors:** natural persons subject to control by senior management.

**Decree:** Italian Legislative Decree 231/2001, of 8 June 2001, containing the “Regulation of the administrative liability of legal entities, companies and associations, including those without legal status”,

**Recipients:** parties to whom the Code of Ethics and Model apply: more precisely the Quotaholders, Directors, Auditors, employees (meaning all those who are linked to the Company by a subordinate employment relationship), collaborators subject to the management or supervision of the Company.

**Company Bodies:** Board of Directors, Board of Statutory Auditors and their members.

**Code of Ethics:** official document of Paola Lenti containing the set of rights, duties and responsibilities of the Company towards the so-called “stakeholders” (Quotaholders, employees, suppliers, customers, Public Administration, institutions , etc.).

**“Sensitive”** or at **“risk”** Areas/Activities: corporate areas/activities effectively exposed to the risk of committing one of the offences expressly envisaged by Italian Legislative Decree 231/2001.

Instrumental or sensitive process: process to be monitored and supervised, since activities are carried out within the same that could be an instrument for the commission of the offence.

**Offences:** types of offences to which the provisions of Italian Legislative Decree 231/2001 on administrative liability of entities is applicable.

**Supervisory Body (SB):** body, meeting the requirements of art. 6, subsection 1, letter b) of Italian Legislative

Decree 231/2001, with autonomous supervisory and control powers entrusted with the responsibility of supervising the operation of and compliance with the Model and of updating the same.

**Company:** Paola Lenti Srl.

### References

- Confindustria Guidelines for the drafting of Organisation, Management and Control Models pursuant to Italian Legislative Decree 231/2001 and subsequent supplements
- Italian Legislative Decree 231/2001 and subsequent supplements
- Italian Legislative Decree 81/2008
- Italian Legislative Decree 196/2003 "Data Protection Code"
- National Collective Bargaining Agreement: "Metalworking and Mechanical Engineering Industry"

### Legend and abbreviations

**BoD:** Board of Directors

**Board:** Board of Statutory Auditors

**SB:** Supervisory Body

**CEO:** Chief Executive Officer

# Organisation, Management and Control Model ex Italian Legislative Decree 231/2001

## GENERAL PART

Paola Lenti S.r.l. (hereinafter also “Paola Lenti” or “Company”) is aware of the need to ensure conditions of fairness and transparency in the conduct of its business.

The decision to draft and formally adopt an Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001, in addition to representing an exempting instrument for the purposes of the Company’s administrative liability, for the offences envisaged by Italian Legislative Decree 231/2001, represents, for Paola Lenti, an act of responsibility towards its Quotaholders, employees, collaborators, customers, suppliers, as well as institutions and the community in full compliance with the governance system adopted for the achievement of the Company’s objectives.

The purpose of the Organisation, Management and Control Model, pursuant to Italian Legislative Decree 231/2001 (hereinafter, also, the “Model”) is to set up an organic and structured system of rules of conduct, procedures and control activities which, in addition to the Code of Ethics and the various management and control systems adopted, makes it possible to prevent the risk of commission of the offences envisaged by Italian Legislative Decree 231/2001.

Paola Lenti, in line with the best ethical and governance principles with reference to which it has oriented its own rules of conduct, deemed it necessary to adopt the Model, approving it by resolution of the Board of Directors’ Meeting on 27 September 2023.

## 1. Italian Legislative Decree 231/2001

### 1.1 Administrative Liability of Entities

The administrative liability for offences of companies, and entities in general, was introduced into our legal system by Italian Legislative Decree 231/2001, containing the “Discipline for the administrative liability of legal persons, companies and associations, including those without legal personality” (“Decree”), and arises from certain offences committed, in the interest or to the advantage of the aforementioned entities, by persons in positions of representation, administration or management of the entity or of an organisational unit vested with financial and functional autonomy, as well as by persons exercising, including de facto, the management and control thereof and, lastly, by persons subject to the direction or supervision of one of the aforementioned parties.

The liability of the company is direct and in addition to the personal liability of the natural person who committed the offence.

The purpose pursued by the legislator is to penalise, for the criminal offences envisaged by the Decree, the company directly, by imposing penalties of varying degrees, predominantly fines, also in order to prevent the commission of offences.

For all offences committed, a fine is always envisaged; for the most serious cases, prohibitive measures are

also envisaged, such as the suspension or revocation of licences and concessions, a ban on contracting with the Public Administration, a ban on conducting business, the exclusion or revocation of loans and grants, and a ban on advertising goods and services. An even more powerful preventive function is entrusted to the system of exoneration of liability for the company, outlined herein.

## 1.2 Offences envisaged by the Decree

The offences, the commission of which gives rise to the entity's administrative liability, are those expressly and exhaustively referred to in Italian Legislative Decree 231/2001 and subsequent amendments and supplements.

**Below is a list of the classes of offences currently included in the scope of application of Italian Legislative Decree 231/2001, and by special laws subsequently introduced to supplement the same; for details of the individual cases, see Annex 3:**

1. Undue perception of allocations, fraud to the detriment of the State, of a public entity or of the European Union or for obtaining public allocations, computer fraud to the detriment of the State or of a public entity and fraud in public supplies, as amended by Law 161/2017 and by Italian Legislative Decree 75/2020 (art. 24)
  2. Cybercrime and unlawful processing of data introduced by Italian Law 48/2008 and amended by Italian Legislative Decree 7 and 8/2016 (art 24-bis)
  3. Organised crime offences introduced by Italian Law 94/2009 and amended by Italian Law 69/2015 (art. 24 ter)
  4. Embezzlement, extortion, undue incitement to give or promise benefits, corruption and abuse of office, as amended by Italian Law 190/2012, Italian Law 3/2019 and Italian Legislative Decree 75/2020]] (art. 25)
  5. Offences relating to the counterfeiting of coins, public credit cards, revenue stamps and instruments or signs of recognition, introduced by Italian Law 409/2001 and amended by Italian Law 99/2009 and Italian Legislative Decree 125/2016 (art. 25-bis)
  6. Offences against industry and commerce, introduced by Italian Law 99/2009 (art. 25-bis 1)
  7. Corporate offences, introduced by Italian Legislative Decree 61/2002 and amended by Italian Law 262/2005, Italian Law 190/2012, Italian Law 69/2015 and Italian Legislative Decree 38/2017 (art. 25-ter)
  8. Offences for the purpose of terrorism or subversion of democratic order, introduced by Italian Law 7/2003 (art. 25 quater)
  9. Female genital mutilation practices introduced by Italian Law 7/2006 (art. 25–quater.1)
  10. Offences against the individual, introduced by Italian Law 228/2003 and amended by Italian Law 38/2006 and Italian Law 199/2016 (art. 25 quinquies)
  11. Offences of insider trading and market manipulation, introduced by Italian Law 62/2005 and amended by Italian Law 262/2005 (art. 25-sexies)
- Other cases relating to market abuse (Art. 187-quinquies Consolidated Law on Financial Intermediation) [article amended by Italian Legislative Decree 107/2018]
12. Offences of manslaughter and grievous or very grievous bodily harm, committed in breach of the accident prevention and protection of hygiene and health at work regulations, article added by Italian Law 123/2007; amended Italian Law 3/2018 (art. 25-septies)
  13. Offences relating to the receipt, laundering and use of money of illicit origin introduced by Italian Legislative

Decree 231/2007 and amended by Italian Law 186/2014 and Italian Legislative Decree 195/2021 (art. 25-octies):

- 14.** Offences relating to payment instruments other than cash, article added by Italian Legislative Decree 184/2021 (art. 25-octies.1)
- 15.** Offences relating to breach of copyright, introduced by Italian Law 99/2009 (art. 25-novies)
- 16.** Offence of coercion not to make statements or to make false statements to the court introduced by Italian Law 116/2009 (art. 25-decies)
- 17.** Environmental offences, introduced into the Decree by Italian Legislative Decree 121/2011 and Italian Law 68/2015 and amended by Italian Legislative Decree 21/2018 (art. 25-undecies)
- 18.** Employment of third-country nationals who are illegal immigrants and offences of procuring illegal entry and aiding and abetting illegal stay, introduced into the Decree by Italian Legislative Decree 109/2012 and amended by Italian Law 161/2017 (art 25-duodecies)
- 19.** Racism and xenophobia, introduced into the Decree by Italian Law 167/2017 and amended by Italian Legislative Decree 21/2018 (art. 25-terdecies)
- 20.** Fraud in sports competitions, unlawful gaming or betting and gambling by means of prohibited devices, an article added by Italian Law 39/2019 (art. 25-quaterdecies)
- 21.** Tax Offences, article added by Italian Law 157/2019 and amended by Italian Legislative Decree 75/2020 (art. 25-quinquesdecies)
- 22.** Smuggling, [article added by Italian Legislative Decree 75/2020 (art. 25-sexiesdecies)]
- 23.** Offences against cultural heritage, added by Italian Law 22/2022 (art. 25-septiesdecies)
- 24. Recycling of cultural assets and devastation and looting of cultural and landscape assets, added by Italian Law 22/2022 (art. 25-duodevicies)
- 25.** Liability of entities for administrative offences (Art. 12, Italian Law 9/2013) [They are a prerequisite for entities operating in the virgin olive oil supply chain]:
- 26.** Transnational offences, introduced by Italian Law 146/2006:

### **1.3 Penalties envisaged by the Decree**

The penalty system envisaged by Italian Legislative Decree 231/2001, in response to the commission of the offences listed above, envisages, depending on the offences committed, the application of the following administrative penalties:

- financial penalties
- restrictive measures
- confiscation
- publication of the judgement

**The restrictive measures, which may be imposed only where expressly envisaged by the Decree, are the following:**

- restriction from the exercise of the activity



- suspension or revocation of authorisations, licenses or concessions
- ban on negotiations with the Public Administration
- exclusion from facilitations, financing, contributions and subsidies, and/or revocation of those already granted
- ban on advertising goods or services

**Italian Legislative Decree 231/2001 also provides that if the conditions exist for the application of a restrictive penalty ordering the interruption of the Company's activity, the Court, instead of the application of such penalty, may order the continuation of the activity by a judicial commissioner appointed for a period equal to the duration of the restrictive penalty which would have been applied, when at least one of the following conditions is met:**

- the company performs a public service or a service of public necessity, the interruption of which may cause serious harm to the community
- the interruption of the activity may have a significant impact on employment, taking into account the size of the company and the economic conditions of the territory in which it is located

#### **1.4 Exemption from liability**

Art. 6 of Italian Legislative Decree 231/2001 provides for a form of **"exemption"** of the company from liability resulting from the commission of offences, if the company proves that:

- a) It has adopted and successfully implemented, prior to the commission of the offences, an Organisation, Management and Control Model, suitable to prevent the commission of the offences, the principles of which can be found in documents published by trade associations and, in this case, in the "Guidelines prepared by Confindustria, 31 March 2008" (and subsequent amendments);
- b) it has entrusted the task of supervising the functioning, effectiveness and compliance with the models as well as their updating to an internal body with autonomous powers of initiative and control;
- c) the natural persons committed the offence by fraudulently circumventing the Organisation, Management and Control Models adopted;
- d) there was no omission or insufficient supervision on behalf of the body referred to in the preceding letter b).

**With regard to the risk of unlawful conduct in the area of health and safety at work, the company organisation must, obligatorily, take into account current prevention legislation, in particular Italian Legislative Decree 81/2008.**

**Art. 7 of Italian Legislative Decree 231/2001 for "Parties subject to the direction of others and Organisation Models of the Entity" states:**

- the entity (or company) is liable if the commission of the offence was made possible by failure to comply with the obligations of direction or supervision
- in any case, non-compliance with the management or supervision obligations is excluded if the entity (or company), prior to the commission of the offence, has adopted and successfully implemented an Organisation, Management and Control model suitable to prevent offences such as those committed

- in essence, Italian Legislative Decree 231/01 requires, in relation to the nature and size of the company organisation, as well as the type of activity carried out, the adoption of suitable measures to ensure the performance of the activity in full compliance with the law, promptly eliminating situations of current or potential risk

The adoption of the Organisation, Management and Control Model, therefore, allows the entity/company to avoid conviction for the offence. The mere adoption of this document, by resolution of the administrative body of the entity/company, is not, however, in itself sufficient to exclude administrative liability, since it is necessary that the Model is efficaciously and effectively implemented.

With reference to the effectiveness of the Model for the prevention of the commission of the offences envisaged by Italian Legislative Decree 231/2001, it is required that it:

- identify the company activities in which the offences may be committed
- envisage specific protocols aimed at planning the formation and implementation of the entity/company's decisions in relation to the offences to be prevented
- identify ways to manage financial resources in such a way as to prevent the commission of offences
- envisage information obligations vis-à-vis the body responsible for supervising the functioning and compliance with the models
- Introduce a disciplinary system suitable for punishing non-compliance with the measures indicated within the Model.

With reference to the effective application of the Model, Italian Legislative Decree 231/2001 requires:

- a periodic verification of the validity of the Model and, in the event that significant breaches of the provisions of the Model are discovered or changes occur in the company's organisation or activity or legislative changes, the timely updating of the Model;
- the imposition of disciplinary penalties in the event of breach of the provisions of the Model

### **1.5 Confindustria Guidelines**

The organisation and management models can be adopted on the basis of specific codes of conduct drawn up by the representative associations of the entities, communicated to the Ministry of Justice which, in agreement with the competent ministers, can formulate within 30 days, observations on the suitability of the models proposed to prevent offences (art. 6 subsection 3).

The Confindustria Guidelines for the drafting of Organisation, Management and Control Models pursuant to Italian Legislative Decree 231/2001, considered suitable to meet the requirements outlined in Italian Legislative Decree 231/2001, provide a useful reference for the drafting of the Model and for the formation of the control body, as they contain a series of indications and measures, useful to companies and associations, essentially drawn from company practice.

In preparing this Model, the Company has, therefore, taken into account the contents of the Confindustria Guidelines.

## 2. Corporate profile

Paola Lenti was established in 1994 in Meda, the main contemporary furniture manufacturing district in Italy; its collections now include seating furniture carpets and architectural structures for indoor and outdoor use designed to meet different needs.

Paola Lenti is known throughout the world for its highly innovative approach to textiles and high-end design products, designed to harmonise useful with beautiful and to endure over time for their functional and aesthetic qualities.

The study of the characteristics and performance of yarns and the experimentation on materials have allowed the company to build up a wide range of technical fabrics over the years, specifically for exteriors and, more recently, of fabrics for interiors: exclusive upholstery materials, which represent a unique proposal for the quality of the raw materials used and the colour variants available.

Paola Lenti products are characterised by their essential volumes and attention to detail; they come from the synergy between modern technological processes and ancient traditional practices, which make them versatile and highly customisable.

In almost thirty years of activity, the company has gained great experience in the exterior and interior design furniture sector. Thanks to continuous research work, aimed at achieving high performance while respecting the environment, Paola Lenti has also developed specific skills in the nautical sector, for which it is able to offer tailor-made products in line with the needs of architects and shipyards with which it has established solid partnerships for many years.

Many of the company's projects have won prestigious awards, including the Red Dot Award for the Move, Uptown and Harbour sofas, Telar chairs and Kanji table, the German Design Award for the Daydream and Rams outdoor sunbeds and Kabà sofa, the Good Design Award for the Portofino and Lido series of seating furniture, Bistrò parasol and Pavilion shading structure. Several products have been selected over the years to be part of the ADI Design Index: among them, in 2021, the Sun chaise longue.

The company's turnover today stands at €38 million, 20% of which is developed in Italy and 80% abroad.

Paola Lenti is a limited liability company, with a Quota capital of €800,000, administered by a Board of Directors composed of Paola Lenti (Chairman) and Anna Lenti (CEO), a Board of Statutory Auditors is also present and the statutory audit activity is entrusted to the external auditing firm BDO Italia Spa.

The company employs 40 people dedicated to administrative and commercial roles and 65 people in production, for a total of 105 employees. The registered office is in Milan, while the production activities are located in Meda with a division into three production areas, covering a total area of approximately 8,000 square metres, with an exhibition area of more than 2,000 square metres, part of which is indoors and part in a real garden-park.

Paola Lenti's collections are now distributed worldwide in over 60 countries and can be found in its own flagship stores and over 300 of the most important showrooms around the world.

### **3. Paola Lenti Model**

Paola Lenti, in line with the best ethical and governance principles to which it has oriented its own rules of conduct, deemed it necessary to adopt the Model, approving it by resolution of the Board of Directors' Meeting on 27 September 2023 (in compliance with the provisions of art. 6 subsection I, letter a) of Italian Legislative Decree 231/2001) and appointed the Supervisory Body.

The adoption and effective implementation of the Model not only allows Paola Lenti to benefit from the exemption envisaged by Italian Legislative Decree 231/2001 but improve, within the limits envisaged by the same, its Corporate Governance, limiting the risk of committing offences.

The purpose of the Model is to validate a structured and organic system of procedures and control activities (preventive, ongoing and ex-post) that have the objective of reducing the risk of committing offences, through the identification of sensitive processes and their management through the structuring of an adequate and efficient control system.

The adoption and effective implementation of the Model not only represents a requirement for the Company to benefit from exemption from criminal liability, but also complements the Company's more general corporate governance rules.

The Model adopted by Paola Lenti will be subject to subsequent amendments and supplements following the same formalities by which it was approved.

#### **3.1 The purpose of the Model and the underlying principles**

The principles and rules contained in the Model are intended to make persons (members of corporate bodies, associates, employees, collaborators, partners in various capacities, etc.) who operate in the name of and/or on behalf of and/or in the interest of the Company, and whose activity could give rise to the commission of offences, fully aware that certain conduct constitutes a criminal offence, the commission of which is totally unacceptable, firmly condemned and contrary to the interests of the Company, even if (apparently) the latter would appear to be able to derive an advantage from it. In addition to this, there is the further awareness that the commission of the offence will lead to civil, disciplinary or other penalties, in addition to the penalties envisaged by law.

From another perspective, Paola Lenti, thanks to constant monitoring of the company's activities and the possibility to react in a timely manner, is in a position to prevent offences from being committed and/or to impose the disciplinary penalties on offenders and/or misconduct as may be appropriate from time to time. Fundamental to this are the tasks entrusted to the Supervisory Body, which is entrusted with the task of monitoring the conduct of the recipients in the context of sensitive processes.

The procedures and control systems existing and operating within Paola Lenti have been taken into account in the preparation of this Model, where they have been deemed suitable also as measures for the prevention of Offences and control over sensitive Processes.

Therefore, this Model, without prejudice to its peculiar purpose relating to Italian Legislative Decree 231/2001, is part of a broader system of controls consisting mainly of the rules of Corporate Governance and the existing Internal Control System (ICS).

**In particular, as specific tools already existing and aimed at planning the formation and implementation of Paola Lenti's decisions, also in relation to the offences to be prevented, the Company has identified the following:**

- Current Italian and foreign legislation and the Internal Control System (ICS), and, thus, the Company By-laws, company procedures, documentation and provisions relating to the company's hierarchical-functional and organisational structure and the management control system
- Code of Ethics
- regulations and established practices relating to the administrative, accounting, financial and reporting system
- communication to staff and their ongoing training
- the disciplinary system pursuant to the National Collective Bargaining Agreement

The principles, rules and procedures referred to in the instruments listed above are not set out in detail in this Model, but form part of the broader system of organisation and control that it is intended to integrate.

In addition to the above, the key principles underlying the Model are:

- the requirements indicated in Italian Legislative Decree 231/2001 and in particular:
  - > the assignment to a Supervisory Body of the task to promote the effective and correct implementation of the Model, both through the continuous monitoring of corporate behaviours, and with the right to receive constant information about activities relevant for the purposes of Italian Legislative Decree 231/2001
  - > the provision of adequate financial resources to the Supervisory Body to support the latter in its tasks and to obtain reasonably achievable results
  - > the activity of verifying the functioning of the Model carried out by the Supervisory Body and its periodic updating
  - > awareness-raising activities and dissemination at all levels of the company of the rules of conduct and procedures established
- the general principles of an adequate internal audit system and in particular:
  - > the verifiability, documentability and traceability of every transaction relevant for the purposes of Italian Legislative Decree 231/2001
  - > Compliance with the principle of the separation of functions
  - > the definition of authorising powers consistent with the responsibilities assigned
  - > the regulation of activities and controls within the scope of corporate procedures
- lastly, in implementing the control system, while duly carrying out general checks on corporate activities, priority is given to areas where there is a significant probability of offences being committed and a high value/relevance of sensitive transactions.

The prevention system must, therefore, be such that it cannot be bypassed by the Recipients, except fraudulently, and, in particular, for culpable offences, as such incompatible with fraudulent intent, it must be such that it is breached, notwithstanding the proper observance of the supervisory obligations by the appropriate body.

### **3.2 Recipients**

The provisions of this Model are binding on the Quotaholders, Directors, Auditors and all those who perform representation, administration, management and control functions within the Company, employees (meaning all

those who are linked to the Company by a subordinate employment relationship, including senior managers), as well as on collaborators subject to the management or supervision of the Company, together, hereinafter, the “Recipients”.

### **3.3 Methodological Path for Defining the Model**

Italian Legislative Decree 231/2001 expressly provides, in art. 6, subsection 2, lett. a), that the Organisation, Management and Control Model identifies the company activities, within which the offences included in the Decree may potentially be committed.

Consequently, the Company carried out an in-depth analysis of its corporate activities.

As part of this activity, the Company first analysed its organisational structure, represented in the corporate organisation chart, which identifies corporate functions, highlighting their roles and hierarchical structures.

This document is kept at the Company’s head office by the Administration, Finance and Control (AFC) function.

Subsequently, Paola Lenti proceeded to analyse its social activities on the basis of information gathered from internal contacts who, by virtue of their roles, have the broadest and deepest knowledge of operations of the relevant sector.

The results of the activity described above have been collected in a descriptive sheet called the “Matrix of Crime Risk Activities” (“Matrix”), which illustrates, in detail, the risk profiles of commission of the offences referred to in Italian Legislative Decree 231/2001, within the scope of Paola Lenti’s activities.

In particular, the Matrix represents the corporate areas at risk of the possible commission of the offences envisaged by Italian Legislative Decree 231/2001 (so-called “sensitive activities”), associated offences, examples of possible methods and purposes for carrying them out, as well as the processes within which, always in principle, the conditions, instruments and/or means for the commission of the offences themselves (so-called “instrumental and/or sensitive processes”).

#### **3.3.1 Risk-Offence Activity Mapping**

On the basis of the analysis conducted, the areas considered to be at risk as a result of the above analysis concern, in particular, the offences envisaged by the articles of the Decree indicated below:

- 1.** art. 24: Undue perception of allocations, fraud to the detriment of the State, of a public entity or of the European Union or for obtaining public allocations, computer fraud to the detriment of the State or of a public entity and fraud in public procurement
- 2.** art. 24 bis: Cybercrime and unlawful data processing
- 3.** art. 25: Embezzlement, extortion, undue coercion to give or promise benefits, corruption and abuse of office
- 4.** art. 25 - bis: Offences relating to counterfeiting of coins, public credit cards, revenue certificates and instruments or signs of recognition
- 5.** art. 25-bis 1: Crimes against industry and commerce
- 6.** art. 25 ter: Corporate offences
- 7.** art. 25 septies: Manslaughter and grievous or very grievous bodily harm committed in breach of the rules on accident prevention and health and safety at work

- 8. 25 octies: Receiving, laundering and use of money, goods or utilities of illicit origin
- 9. art. 25 novies: Copyright infringement offences
- 10. art. 25 decies: Coercion to not make statements or to make false statements to Court Authorities
- 11. art. 25-undecies: Environmental offences
- 12. art. 25 duodecies: Employing third-country nationals who are illegal immigrants
- 13. art. 25-quinquiesdecies: Tax Offences
- 14. art. 25-sexiesdecies: Smuggling

On the other hand, the risk of committing the offences referred to in arts. 24 ter (“Organised Crime offences”), 25 quater (“Crimes for the purposes of terrorism or subversion of the democratic order”), 25 quarter 1 (“Practices of mutilation of female genital organs”), 25 quinquies (“Crimes against individual personality”), 25 sexies (“Market abuse”), 25-octies.1 (“Crimes relating to non-cash payment instruments”), 25-terdecies (“Crimes of Racism and xenophobia”), 25-quaterdecies (“Fraud in sports competitions, unlawful gaming or betting and gambling exercised by means of prohibited devices”), art. 25-septiesdecies (“Crimes against cultural heritage”) and 25-duodevicies (“Recycling of cultural assets and devastation and looting of cultural and landscape assets”) of the Decree, although it cannot be excluded tout court, has been considered extremely remote in view of the activities carried out by the Company

**The main areas of activity at risk of offence identified are those listed below (for more details, please refer to the document analysing the corporate areas of activity at risk of offence, i.e. “Matrix of activities at risk of offences”, kept by the Company:**

- 1. Corporate relations.
- 2. Management of core business.
- 3. Management of the fulfilments required by Italian Legislative Decree 81/2008 (Consolidated Safety Act).
- 4. Management of the envisaged environmental fulfilments.
- 5. IT security management and software installation.
- 6. Management of purchases of goods and services, awarding of contracts, signing of works contracts.
- 7. Management of relations with public officials for regulatory compliance, including during audits and inspections.
- 8. Management of relations with Quotaholders and subsidiaries (and extraordinary transactions).
- 9. Management of recruitment of employees and collaborators.
- 10. Management of in-court and out-of-court disputes (e.g. civil, tax, labour, administrative, criminal), at all levels of justice, appointment of external professionals and coordination of related activities.
- 11. Application for and management of funding provided by national and/or EC Public Bodies.
- 12. Management of investments and cash flows.
- 13. Management of the general accounts and preparation of the Draft Financial Statements and of any financial situations, also in connection with other corporate matters.
- 14. Management of preparatory activities for tax requirements.

### **3.3.2 Identification of risky and instrumental business processes**

**For each of the offences identified as applicable, processes have been identified as so-called “instrumental” in the context of which, in principle, the conditions, instruments and/or means for the commission of the offence could occur, and specifically:**

1. Management of monetary and financial flows.
2. Management, selection, recruitment and staff.
3. Procurement management including services and works.
4. Production management.
5. Sales Management.
6. Management of the process of preparation of the Financial Statements, Tax Returns and management of relations with the control bodies.
7. Information Systems Management.
8. Workplace safety management (ex Italian Legislative Decree 81/2008).
9. Management of inspections.

### **3.4 The structure of the Model**

The Model is composed of a General Section and a Special Section, approved by the Board of Directors' Meeting, as well as a Risk Map and Prevention Protocols, the maintenance of which is the responsibility of the Head of the AFC Function, who will avail themselves for this purpose of qualified external consultants, in compliance with the powers attributed to them by the Board of Directors.

However, the Manager of the AFC Functions is required to report annually to the Board of Directors any changes made to the Risk Map and/or Prevention Protocols during the period of reference.

The content of the Special Section consists of the control principles that insist on the company processes that, following the definition of the risk matrix, have been identified as processes to safeguard against the potential offences envisaged by the Decree.

The control instruments adopted for prevention and described in the special parts are binding on the Recipients of the Model and consist of obligations to do (compliance with procedures, reports to control bodies) and obligations to not do (compliance with prohibitions), which are also expressly stated.

Compliance with these obligations has a precise legal value, in the event of a breach of these obligations, in fact, Paola Lenti will act by applying the disciplinary and penalty system referred to above.

The contents of the Special Section must also be put in relation to the behavioural principles contained in the company procedures and in the Code of Ethics, which guide the conduct of the recipients in various operational areas, with the aim of preventing misconduct or conduct not in line with the directives.

**The various sections of the Special Section are the following:**

**Special part 1** Management of monetary, financial flows and investments

**Special part 2** Personnel selection, recruitment and management

**Special part 3** Procurement management including services and works



**Special part 4** Management of the production process and product sales

**Special part 5** Preparation of the Financial Statements, tax returns and management of relations with the control bodies

**Special part 6** Information systems and website management

**Special part 7** Workplace safety management (ex Italian Legislative Decree 81/2008) and the environment

**Special part 8** Management of relations with public bodies and inspections

#### **4 Supervisory Body (SB)**

Italian Legislative Decree 231/2001, for the purposes of exemption from the administrative liability of the Entity/ Company, requires the establishment of an internal control body, the Supervisory Body, hereinafter, also the SB, with the requirements of autonomy, independence and professionalism, which is entrusted with the task of supervising the actual effectiveness of the Model and its adequacy and compliance with the same.

In particular, with reference to the Confindustria Guidelines, the main activities that the SB must carry out for an adequate supervision and monitoring of the Model are described below.

##### **4.1 Operational and financial autonomy of the SB**

The SB has, as envisaged by law, autonomous powers of initiative and control in order to supervise the operation and compliance with the Model, but it has no coercive or intervention powers to change the company structure or to impose penalties on employees, collaborators, corporate bodies, consultants, partners or suppliers. These powers are entrusted to the competent corporate bodies or corporate functions.

In order to carry out the inspection activities for which it is responsible, the SB and the technical structure it may, if necessary, avail itself of have access, within the limits envisaged by the Data Protection legislation (Italian Legislative Decree 196/2003) and by the Workers' Statute, to all company documentation deemed relevant, as well as to the IT and information tools relating to the activities classified or classifiable as at risk of offences being committed.

The SB may make use not only of all Paola Lenti structures, but, under its direct supervision and liability, of external consultants (with specific professional skills) for the execution of specific activities necessary for the supervisory function. These consultants, who shall be formally appointed by the SB, in agreement with the Company, shall always report the results of their work to the SB.

**In order to guarantee autonomy in the performance of the functions assigned by the SB, it is herein provided that:**

- the activities of the Supervisory Body must not be previously authorised by any body
- the SB has access to all information concerning Paola Lenti, including information on electronic media, and can directly request information from all personnel
- failure by the Recipients to cooperate with the SB represents a disciplinary offence
- the SB is provided by the BoD with an annual expenditure budget to be used, at the discretion of the SB, if the conditions are met
- the SB, should it become necessary, may in any case request from the BoD, at any time, to make available additional financial resources in order to perform the assigned activity

#### **4.2 Identification of the SB and requirements**

The composition of the SB can be either single-member (one member only), or multi-member (two or three members), in view of the current and prospective complexity of the company's activities, with the aim of guaranteeing the body's independence, greater impartiality of judgement and less interference/conditionality, as well as presenting the advantage of a division of the expertise required to perform the task.

**The composition of the SB, whether single or multi-member, is intended to guarantee the following requirements:**

- autonomy and independence - the Decree requires the SB to perform its functions outside the operational processes, periodically reporting to the Board of Directors, free from any hierarchical relationship with the Board itself and with the individual Function Managers. The individual members of the Supervisory Body must personally possess the requirements of independence, integrity and morality
- professionalism – the SB, as a whole, must have skills, techniques, knowledge of the tools useful for the purposes of inspection and analysis of the control system, legal expertise for the prevention of crimes (internal/ external advice)
- continuity of action - with reference to this requirement, the SB is required to constantly supervise, through powers of investigation, the compliance with the Model by the Recipients, to ensure its implementation and updating, representing a constant reference for all PAOLA LENTI personnel

In order to respond to the principles illustrated above and by virtue of the provisions of art. 6, subsection 4 bis, of Italian Legislative Decree 231/2001, the SB was initially identified as a single-member (Single-member SB).

#### **4.3 Duties of the SB**

**The SB is entrusted with the task of supervising:**

- compliance with the Model by the Recipients
- the effectiveness and adequacy of the Model, in relation to the corporate structure, based on the effective capability of preventing the commission of the crimes referred to in Italian Legislative Decree 231/2001
- on the updating of the Model, where there is a need to adapt the same in relation to changed legislative or corporate conditions

On a more operational level, the SB is also entrusted with the following tasks:

- implement the supervisory activities envisaged by the Model, it being specified that, in any case, the control activities are entrusted to the primary responsibility of the operating personnel and are considered an integral part of every business process (so-called "line control")
- carry out inspections of company activities in order to update the mapping of areas of activity at risk within the corporate context
- coordinate with other company functions for the monitoring of activities in the areas at risk
- verify the necessity of updating the Model
- carry out periodic checks on operations or specific acts carried out in areas of activities at risk
- collect, process and store information demonstrating compliance with the Model, and update the list of

information that must be mandatorily forwarded to the SB or kept at its disposal

- coordinate with the General Management to assess the adoption of possible disciplinary penalties, without prejudice to the latter's authority to impose penalties and the related disciplinary proceedings
- evaluate the adequacy of the personnel training programs and the content of the periodic communications to be made to the Recipients and the Corporate Bodies aimed at providing them with the necessary awareness and basic knowledge of the regulations envisaged in Italian Legislative Decree 231/2001
- check the actual presence and regular maintenance and effectiveness of the required documentation in relation to the provisions of the Model for the different types of offences
- periodically report to the Company's Corporate Bodies on the effectiveness and adequacy of the Model

#### **4.4 Appointment of the SB, expiration of the assignment and communications**

The appointment of the Supervisory Body and the revocation of its appointment is the responsibility of the Board of Directors. It is the duty of the Board of Directors, in the event of a multi-member composition, to appoint the Chairman.

The members of the Supervisory Body remain in office for three years and are, in any case, eligible for re-election.

They must be in possession of an ethical and professional profile of indisputable value and must not be in a relationship of marriage or kinship with the Directors.

Upon appointment, the Board of Directors allocates to the Supervisory Body an annual remuneration and an annual expenditure budget adequate to perform the supervisory and control activities envisaged by the Model.

A banned, incapacitated or bankrupt person, or a person who has been sentenced, even with a judgement that has not yet become final or with a judgement of application of the penalty at the request of the parties pursuant to art. 444 of the Italian Code of Criminal Procedure, cannot be appointed as a member of the Supervisory Body, and if appointed, shall be removed from office. (so-called "plea-bargain"), to a penalty entailing a disqualification, even temporary, from holding public office or the inability to exercise executive offices, or who has been sentenced, even by a judgement which has not yet become final or by a judgement applying the penalty at the request of the parties pursuant to art. 444 of the Italian Code of Criminal Procedure, (so-called "plea bargain"), for having committed one of the crimes envisaged by Italian Legislative Decree 231/2001.

Without prejudice to a possible revision of the members of the Supervisory Body, also on the basis of the experience in implementing the Model, the revocation of the members of the Board may only occur for just cause and subject to a resolution passed by the Board of Directors' Meeting.

#### **The following constitute just cause for revocation of the members:**

- the assessment of a serious breach by the Supervisory Body in the performance of its duties
- failure to inform the Board of Directors of a conflict of interest preventing the continuation of the role of member of the Body
- the Company's conviction, which has become final, or a judgement applying the penalty at the request of the parties pursuant to art. 444 of the Italian Code of Criminal Procedure (so-called "plea bargain"), where it results from acts that a member of the Supervisory Body has failed or insufficiently supervised

- breaches of confidentiality obligations with regard to news and information acquired in the exercise of the functions of the Supervisory Body

If the revocation occurs without just cause, the revoked member may request to be immediately reinstated in office.

A member who has a subordinate relationship with the Company (or a company controlled by the latter) automatically ceases to be employed in the event of termination, for any reason, of the employment relationship.

Each member may resign from office at any time with at least 30 days written notice, to be communicated to the Board of Directors by registered letter with advice of receipt or by Certified e-mail.

#### **4.5 Reporting activities to and from the SB**

In order to guarantee full autonomy and independence in the performance of its functions, the Supervisory Body communicates directly to the Board of Directors, Board of Statutory Auditors and Quotaholders' Meeting.

**In particular, the Supervisory Body reports to the Board of Directors and Board of Statutory Auditors on the status of implementation of the Model and the results of the supervisory activity carried out as follows:**

- at least annually, to the Board of Directors, through a written report, in which the monitoring activities carried out by the SB are illustrated, the critical issues that emerged and any corrective or improvement interventions appropriate for the implementation of the Model
- To the Quotaholders' Meeting, where it deems necessary, in relation to alleged breaches of the Model committed by the Board of Directors or members of the Board of Directors or the Board of Statutory Auditors Meetings with the Corporate Bodies to which the Supervisory Body reports must be minuted, and copies of the minutes must be kept by the SB and the bodies involved from time to time.

Whenever it deems it appropriate, the SB may coordinate with the relevant corporate functions in order to obtain as much information as possible or to carry out its activities in the best possible way.

The Board of Directors and the Board of Statutory Auditors have the right at any time to request the calling of the Supervisory Body Meeting, which, in turn, has the right to request, through the competent functions or persons, the calling of the meetings the aforementioned bodies for urgent reasons.

In order to fulfil the requirements of the Model, Paola Lenti is responsible for the following:

- communicating to the Company's organisational structure the composition and duties of the SB, its powers, envisaging possible penalties for non-cooperation, approving by means of a resolution of the Board of Directors' Meeting an adequate allocation of financial resources (i.e. budget), as proposed by the SB, necessary for the performance of its duties (e.g. for specialist consultancy, travel, etc.).

The Supervisory Body independently regulates the rules for its own functioning in special Supervisory Body Regulations, in particular defining the operating procedures for the performance of the functions assigned to the same. The Regulations are forwarded by the SB to the Board of Directors' and Board of Statutory Auditors' Meeting for approval.

#### **4.6 Obligation to inform and report to the SB**

Italian Legislative Decree 231/2001 envisages, among the requirements that the Model must meet, the establishment of specific information obligations towards the Supervisory Body by all the recipients of Paola Lenti's

Model, aimed at enabling the Board to perform its supervisory and verification activities.

**In this regard, the following information must be communicated to the Supervisory Body:**

- on a periodic basis, information, data, news and documents constituting exceptions and/or derogations from company procedures, previously identified by the Supervisory Body and formally requested by the latter from the individual Functions (so-called “information flows”), pursuant to the methods and times defined by the SB
- as part of the SB’s verification activities, information, data, news and/or documents deemed useful and/or necessary for the performance of said verifications, previously identified by the Body and formally requested from the individual Functions
- on an occasional basis, any other information, of any kind, pertaining to the implementation of the Model in the areas of activities at risk of offences, as well as compliance with the provisions of the Decree, which may be useful for the purposes of carrying out the tasks of the Supervisory Body (so-called “reports”).

To this end, a dedicated communication channel is established for the consultation of the Supervisory Body, consisting of a dedicated e-mail address ([odv@paolalenti.it](mailto:odv@paolalenti.it)) made known to company personnel and stakeholders, to which any reports may be sent and whose access is reserved only for the members of the Body.

These methods of forwarding reports are aimed at guaranteeing the utmost confidentiality of the whistleblowers also in order to avoid retaliatory attitudes or any other form of discrimination or penalty against the whistleblowers.

The reports received by the SB must be collected and stored in a special archive to which only the members of the SB are allowed access.

The SB shall evaluate, at its own discretion and under its own responsibility, the reports received and the cases in which it deems it necessary to take action. Reasons must be given in writing for decisions on the outcome of the inspection.

Reports, even when anonymous, must always have relevant content pursuant to the Decree or the Code of Ethics.

Anonymity cannot in any way represent the tool to give vent to disagreements or disputes between employees.

**Also prohibited is:**

- the use of insulting expressions
- the forwarding of reports for purely defamatory or slanderous purposes
- the forwarding of reports that relate exclusively to aspects of private life, without any direct or indirect connection with the company’s activity: such reports will be considered even more serious when they refer to sexual, religious, political and philosophical habits and orientations

Each report must have as its sole purpose the protection of the integrity of the Company or the prevention and/or repression of unlawful conduct as defined in the Model and must be substantiated and based on precise and concordant facts.

If the report is manifestly unfounded and/or made with wilful misconduct or gross negligence and/or with the purpose of harming the reported person, Paola Lenti and the reported person are entitled, respectively, to act for the protection of the correctness of conduct in the company and their own reputation.

**In addition to the reports relating to breaches of a general nature described above, the Company must compulsorily and immediately forward to the Supervisory Body information regarding:**

- measures and/or information from bodies of the Criminal Investigations Department, or any other authority, from which it can be inferred that investigations for offences are being carried out, even against unknown persons, if such investigations involve the Company or its employees, collaborators, corporate bodies, suppliers, consultants, partners
- notices of commencement of proceedings by the Criminal Investigations Department
- the requests for legal assistance sent by employees in the event of the start of legal proceedings for offences
- requests for legal assistance proposed by Quotaholders, Directors, Managers for the commission of relevant offences pursuant to Italian Legislative Decree 231/2001
- accidents, near misses (so-called “near miss”), accidents, near misses, occupational diseases, suspected occupational diseases and/or other anomalies in accident prevention
- communications regarding the change in the organisational structure, changes in proxies and powers
- information relating to the penalty proceedings carried out and any measures imposed or the measures for the filing of such proceedings with the relevant reasons, if they are related to the commission of offences or breach of the rules of conduct or procedures of the Model
- the reports prepared by the other corporate functions of the Company as part of their control activities and from which facts, acts, events or omissions with critical profiles may emerge with respect to compliance with the provisions of Italian Legislative Decree 231/2001
- the conclusions of inspections ordered by internal control functions or internal commissions from which liability derives for the commission of offences under Italian Legislative Decree 231/2001
- contracts executed with the Public Administration and the disbursement of funds and public contributions in favour of the Company

Furthermore, the SB must be kept constantly informed by the competent company functions:

- on changes in corporate activity that could expose the Company to the risk of committing one of the offences envisaged by Italian Legislative Decree 231/2001
- on relations with suppliers, consultants and partners operating on behalf of the Company within the scope of sensitive activities

All Recipients are required to report in writing to the SB the presence of possible breaches of the Model or the commission of punishable offences.

The Supervisory Body undertakes to provide maximum protection against all forms of discrimination, retaliation, and penalties against persons who make such reports for conduct that has led to a breach of the Model or in any case not in line with the principles of the same.

The SB assesses the reports at its own discretion, investigating and requesting any further information.

#### **4.7 Periodic checks**

The checks carried out by the SB on the correct application of the Model will be carried out periodically by holding meetings and carrying out specific in-depth studies, analyses and checks on existing procedures, on the corporate acts carried out and on the most relevant contracts in the areas of activities at risk.

If it deems it necessary, the Body is given the right to carry out targeted checks, even outside of the verification and monitoring plan defined annually (Monitoring Plan).

The corporate functions involved must make available to the SB any useful information requested by the latter.

## **5 Penalty System**

The definition of a penalty system, applicable in the event of breach of the provisions of this Model and the principles of the Code of Ethics, is a necessary condition to ensure the effective implementation of the Model, as well as an essential prerequisite to allow the Company to benefit from the exemption from administrative liability.

The application of disciplinary penalties is irrespective of the initiation and outcome of any criminal proceedings initiated in cases in which the breach constitutes a relevant offence pursuant to Italian Legislative Decree 231/2001.

The penalties that may be imposed are differentiated according to the nature of the relationship between the author of the breach and the Company, as well as the importance and seriousness of the breach committed and the role and liability of the perpetrator.

In general, breaches can be traced back to the following behaviours and classified as follows:

- 1.** conduct constituting an intentional failure to implement the provisions of the Model, including company directives, procedures or instructions
- 2.** conduct constituting a serious intentional transgression of the provisions of the Model, such as to undermine the relationship of trust between the perpetrator and the Company insofar as it is unequivocally designed to commit an offence.

### **5.1 Employee penalties**

In relation to employees, Paola Lenti complies with the limits pursuant to art. 7 of Italian Law 300/1970 (Workers' Statute) and the provisions contained in the National Collective Bargaining Agreement for workers in the Metalworking Private Industry sector ("CCNL Metalworking Industry"), both with regard to penalties and the methods of exercising disciplinary power.

Failure - by employees - to comply with the provisions and procedures envisaged by the Model and the principles established in the Code of Ethics constitutes non-compliance with the obligations arising from the employment relationship pursuant to art. 2104 of the Italian Civil Code and disciplinary offences.

More specifically, the adoption, by an employee of the Company, of a conduct that can be qualified, on the basis of what is indicated in the previous paragraph, as a disciplinary offence, also constitutes a breach of the employee's obligation to perform the tasks entrusted to the latter with the utmost diligence, complying with the Company's directives, as provided for by the current National Collective Labour Agreement for the Metalworking and Mechanical Engineering Industry.

**Employees may be subject to the following penalties:**

1. verbal warning
2. written warning
3. fine
4. suspension from work and pay
5. dismissal for just cause

Paola Lenti does not adopt any disciplinary measure against the employee without compliance with art. 7 of Italian Law 300/70 and the procedures envisaged by the National Collective Labour Agreement for the Metalworking and Mechanical Engineering Industry.

**The principles of correlation and proportionality between the breach committed and the penalty imposed are guaranteed by compliance with the following criteria:**

- seriousness of the breach committed
- role, responsibility and autonomy of the employee
- predictability of the event
- wilfulness of conduct or degree of negligence, recklessness or malpractice
- overall behaviour of the perpetrator of the breach, with regard to the existence or absence of disciplinary precedents within the terms envisaged by the National Collective Labour Agreement
- other particular circumstances that characterise the breach

The existence of a penalty system connected to non-compliance with the Model and Code of Ethics must necessarily be brought to the attention of the employee through the means deemed most suitable.

**5.2 Penalties for employees with managerial status**

Ascertained breaches of the Model or of the Code of Ethics by managers must be promptly notified to the Board of Directors so that the latter may undertake or promote the most appropriate and adequate initiatives, in relation to the seriousness of the breach identified and in compliance with the powers provided by current legislation and by the Company By-laws.

In particular, in the event of a breach of the Model, the Board of Directors' Meeting may proceed directly, depending on the extent and seriousness of the breach committed, to impose the penalty measure of a formal written warning or the revocation, even partial, of the delegated powers and powers of attorney granted.

In the event of breaches of the Model aimed unequivocally at facilitating or instigating the commission of an offence relevant under Italian Legislative Decree 231/2001 or at committing such an offence, penalties (such as, by way of example, temporary suspension from office and, in the most serious cases, revocation of the same) shall be adopted in compliance with collective bargaining for other categories of employees, in compliance with arts. 2106, 2118 and 2119 of the Italian Civil Code, and with art. 7 of Italian Law no. 300/1970.

The ascertainment of any breaches, as well as of inadequate supervision and failure to promptly inform the SB, may result in the manager being suspended from work as a precautionary measure, without prejudice to the



manager's right to remuneration, as well as, again on a provisional and precautionary basis for a period not exceeding three months, being assigned to different tasks in compliance with art. 2103 of the Italian Civil Code.

### **5.3 Penalties for employees subject to direction or supervision**

Failure - by employees under the direction or supervision of Paola Lenti - to comply with the provisions and procedures envisaged in the Model, including the breach of information obligations towards the Supervisory Body, and the principles established in the Code of Ethics, determines, in compliance with the provisions of the specific contractual relationship, the termination of the relevant contract, without prejudice to the Company's right to claim compensation for damages suffered as a result of such conduct, including damages caused by the application of the penalties envisaged by Italian Legislative Decree 231/2001.

### **5.4 Measures against Directors**

In the event of an ascertained breach of the Model or Code of Ethics by one or more directors, the Supervisory Body promptly informs the entire Board of Directors, Board of Statutory Auditors and Quotaholders' Meeting, so that, in collaboration with the Board of Statutory Auditors, they may take or promote the most appropriate and adequate initiatives, depending on the seriousness of the breach identified and in compliance with the powers envisaged by current legislation and the Company's By-Laws.

In particular, in the event of a breach of the Model by one or more directors, the Board of Directors' Meeting may proceed directly, depending on the extent and gravity of the breach committed, to impose the penalty measure of a formal written reprimand or the revocation, even partial, of the delegated powers and powers of attorney granted.

In the event of breaches of the Model, by one or more Directors, aimed unequivocally at facilitating or instigating the commission of an offence relevant under Italian Legislative Decree 231/2001 or at committing such an offence, penalties (such as, by way of example, temporary suspension from office and, in the most serious cases, revocation of the same) shall be adopted by the Quotaholders' Meeting, on the proposal of the Board of Directors.

### **5.5 Measures against senior management**

Furthermore, the breach of the specific obligation to supervise subordinates incumbent on senior management shall entail the adoption by Paola Lenti of the penalty measures deemed most appropriate in relation, on the one hand, to the nature and seriousness of the breach committed and, on the other, to the qualification of the senior management member who commits the breach.

### **5.6 Measures against parties having contractual/commercial relationships**

The breach of the provisions and principles established in the Code of Ethics by persons having contractual, commercial or partnership agreements with the Company, determines, in compliance with the provisions of the specific contractual relationship, the termination of the relevant contract/relationship, or the right to withdraw from the same, without prejudice to the right of Paola Lenti to claim compensation for damages that are a consequence of such conduct, including damages caused by the application of the penalties envisaged by Italian Legislative Decree 231/2001.

For this purpose, contracts, also in the form of letters of appointment, must be supplemented with the following general clause, adapted on the basis of the specific contractual relationship:

“The supplier/undersigned declares to be familiar with the Code of Ethics of Paola Lenti Srl and the contents of Italian Legislative Decree 231 of 8 June 2001 and undertakes to refrain from any conduct that may constitute the offences referred to in the said Decree (regardless of whether the offence has actually been committed or is punishable).

Any failure to comply with these principles may constitute a breach of contract, entitling Paola Lenti Srl to terminate this contract pursuant to and for the purposes of article 1453 of the Italian Civil Code, without prejudice to Paola Lenti Srl’s right to compensation for any damages suffered by Paola Lenti Srl as a result of such breach.”.

Alternatively (for pro bono agreements):

*“By signing this contract ...XXXXXX...declares to be familiar with the Code of Ethics of Paola Lenti Srl and to undertake to fully and scrupulously comply with its provisions. In particular, XXXXX declares to be familiar with the rules set forth in Italian Legislative Decree 231/2001, as amended, and to undertake to comply with the same in both form and substance.”*

### **5.7 Measures in application of the Whistleblowing regulations**

In compliance with the provisions of art. 2-bis, subsection 1, lett. d) of the Decree, the penalties referred to in the preceding paragraphs, in compliance with the principles and criteria set out therein, are applied to anyone who breaches the measures for the protection of the whistleblower, as well as to anyone who makes, with malice or gross negligence, reports that turn out to be groundless.

In particular, the performance of retaliatory acts against the whistleblower in good faith constitutes a serious disciplinary breach that will be punished in compliance with the procedures envisaged in the preceding paragraphs.

The adoption of discriminatory measures against whistleblowers may be reported to the National Labour Inspectorate, for the measures within its jurisdiction, as well as by the whistleblower, also by the trade union organisation indicated by the same.

Retaliatory or discriminatory dismissal of the whistleblower is null and void. The change of duties pursuant to article 2103 of the Italian Civil Code, as well as any other retaliatory or discriminatory measures adopted against the whistleblower, are also null and void.

It is the responsibility of the Employer, in the event of disputes relating to the imposition of disciplinary penalties, or to demotions, dismissals, transfers, or subjecting the whistleblower to other organisational measures having direct or indirect negative effects on working conditions, following the submission of the report, to demonstrate that such measures are based on reasons unrelated to the report itself.

Any misuse of the reporting channels is also prohibited. The identity of the whistleblower is not protected in the case of reports that are manifestly groundless and deliberately premeditated with the aim of damaging the person reported or the company. In this case, such conduct constitutes a serious disciplinary breach and is punishable in compliance with the above procedures.

## **6 Training and dissemination of the Model**

### **6.1 Employee training**

Paola Lenti, aware of the importance that training and information aspects assume in a prevention perspective, defines a communication and training programme aimed at ensuring the dissemination to all its staff and all Recipients of the main contents of the Decree and the obligations deriving from the same, as well as the provisions of the Model and the principles of the Code of Ethics.

The information and training activities for staff are organised with different levels of in-depth analysis due to the different degree of involvement of staff in activities at risk of offences.

In any case, the training activities aimed at disseminating awareness of Italian Legislative Decree 231/2001 and the provisions of the Model, are differentiated in terms of content and dissemination methods on the basis of the Recipients' position, the risk level of the area in which they operate and whether or not they hold representative and management positions within Paola Lenti.

The training activity involves all current staff, as well as all resources that will be included in the company organisation in the future. In this regard, the relevant training activities must be planned and effectively carried out both at the time of recruitment and at the time of any changes in duties, as well as following updates and/or amendments to the Model.

These training activities are managed by the Company in close coordination with the Supervisory Body.

**With regard to the dissemination of the Model in the corporate context, Paola Lenti provides to:**

- send a communication signed by the CEO to all staff, concerning the information on the adoption of this Model and the establishment of the Supervisory Body, indicating the name of the relevant members and the address at which to contact them (said information must be renewed in the event of updating the Model)
- publish the Model and Code of Ethics through any other communication tool deemed appropriate (e.g. intranet and/or company website)
- carry out training activities aimed at disseminating awareness and understanding of Italian Legislative Decree 231/2001 and of the provisions of the Model, as well as training sessions for personnel in the event of new recruitments or updates and/or amendments to the Model, in the manner deemed most appropriate

The documentation relating to information and training activities is kept by the AFC (Administration, Finance and Control) Function and periodically forwarded to the Supervisory Body for the performance of the relevant checks on adequacy.

### **6.2 Information to stakeholders**

Stakeholders (e.g. suppliers, consultants, customers, operating members or persons actively participating in the life of the company) shall be informed by the means deemed most appropriate of Paola Lenti's adoption of the Model and the Code of Ethics.

## 7 Updating of the Model

**The Board of Directors' Meeting is responsible for adopting, updating, adapting and any other amendment to the Model resulting from:**

- significant breaches of the provisions of the Model
- identification of new sensitive activities, connected to the start of new activities or changes to those previously identified
- changes in the organisational structure of the Company
- identification of possible areas for improvement of the Model found and highlighted by the Supervisory Body following periodic verification and monitoring activities
- regulatory changes and legal and case-law developments concerning the administrative liability of companies and entities

To this end, the Supervisory Body has the task of promptly reporting to the Board of Directors the need to proceed with amendments or updates to the Model.

## Organisation, Management and Control Model ex Italian Legislative Decree 231/2001

### SPECIAL PART

Pursuant to the provisions of art. 6, subsection 2, lett. a) of the Decree, Paola Lenti, through a process of risk mapping, assessment of existing activities and controls and the business context in which it operates, has identified the activities within which the offences referred to in the Decree could be committed (so-called "crime-risk" areas) divided by each type of offence (indicated in the General Part of this Model),

In order to prevent or mitigate the risk of committing such offences, Paola Lenti has, therefore, formulated general principles of conduct and specific protocols that insist on corporate prevention processes depending on the activity at risk identified.

**The control protocols are based on the following general rules, valid for each special part, which must be strictly complied with in the context of each sensitive activity identified:**

- Segregation of duties: prior and balanced distribution of responsibilities and provision of adequate levels of authorisation, suitable to avoid mixing of potentially incompatible roles or excessive concentration of responsibilities and powers in the hands of individual persons; in particular, the separation of activities and responsibilities between those who authorise, carry out and control a specific transaction in sensitive activities must always be guaranteed.
- Rules: existence of company provisions and/or formalised procedures suitable for providing principles of conduct, operating procedures for the performance of sensitive activities, as well as procedures for archiving relevant documentation.
- Authorisation and signature powers: authorisation and signature powers must be: i) consistent with the

organisational and management responsibilities assigned, including, where required, indication of expenditure approval thresholds; ii) clearly defined and known within Paola Lenti.

- Traceability:
  - > any transaction relating to the sensitive activity must, where possible, be properly recorded
  - > the decision, authorisation and execution process of the sensitive activity must be verifiable ex-post, also through appropriate documentary supports
  - > in any case, the possibility of deleting or destroying the records made must be regulated in detail

**In the individual Special Parts that follow, for each of the processes within which, always in principle, the conditions, instruments and/or means for the commission of the offences themselves could be created, the specific control protocols and the general principles of conduct are listed:**

**Special section 1** - Management of monetary, financial flows and investments

**Special Part 2** - Personnel selection, recruitment and management.

**Special Part 3** - Procurement management, including services and works.

**Special section 4** - Management of the production process and product sales.

**Special Part 5** - Management of the process of preparation of the Financial Statements, Tax Returns and management of relations with the audit and control bodies.

**Special Part 6** - Information Systems and website management.

**Special part 7**- Workplace safety management (ex Italian Legislative Decree 81/2008) and the environment.

**Special Part 8** - Management of public body relations and inspections.

Here below are the instrumental processes and the classes of offence (special parts) to which they are connected:

| Processes  | Management of monetary and financial flows | Personnel, selection, recruitment and management | Procurement management including services and works | Management of the production process and product sales | Management of the process of preparation of the Financial Statements and Tax Returns of relations with the control bodies | Information Systems and website management | Workplace Safety Management, pursuant to Italian Legislative Decree 81/08 and the environment | Management of public body relations and inspections |
|--|--|--|---|--|---|--|---|---|
| Category of OFFENCES   |  |  |   |  |   |  |   |   |
| Undue perception of allocations, fraud to the detriment of the State, of a public entity or of the European Union or for obtaining public allocations, computer fraud to the detriment of the State or of a public entity and fraud in public supplies | ●  | ●  | ●   |  |   | ●  |   | ●   |
| Cybercrime and unlawful data processing  |  |  |   |  |   | ●  |   |   |
| Embezzlement, extortion, undue coercion to give or promise other benefits, corruption and abuse of office  | ●  | ●  | ●   |  |   |  |   | ●   |
|  |  |  |   |  |   |  |   |   |

| Processes  | Management of monetary and financial flows | Personnel, selection, recruitment and management | Procurement management including services and works | Management of the production process and product sales | Management of the process of preparation of the Financial Statements and Tax Returns of relations with the control bodies | Information Systems and website management | Workplace Safety Management, pursuant to Italian Legislative Decree 81/08 and the environment | Management of public body relations and inspections |
|--|--|--|---|--|---|--|---|---|
| Category of OFFENCES   |  |  |   |  |   |  |   |   |
| Counterfeiting coins, public credit cards, revenue certificates and instruments or signs of recognition                                      | ●  |  |   |  | ●   |  |   |   |
| Crimes against industry and commerce   |  |  |   | ●  | ●   |  |   |   |
| Corporate offences   |  | ●  | ●   |  | ●   | ●  |   |   |
| Manslaughter and grievous or very grievous bodily harm committed in breach of the rules on accident prevention and health and safety at work |  |  | ●   | ●  |   |  |   |   |
| Receiving, laundering and use of money, goods or utilities of illicit origin, as well as self-laundering                                     | ●  |  | ●   |  |   |  |   |   |
| Copyright infringement offences  |  |  |   | ●  |   |  | ●   |   |
| Coercion to not make statements or to make false statements to Court Authorities   | ●  | ●  | ●   |  |   |  |   |   |
| Environmental offences   |  |  |   | ●  |   |  |   | ●   |
| Employing third-country nationals who are illegal immigrants   |  | ●  | ●   |  |   |  |   |   |
| Tax Offences   |  |  |   | ●  |   | ●  |   |   |
| Smuggling  |  |  | ●   |  |   |  |   |   |
|  |  |  |   |  |   |  |   |   |

## **Special section 1 - Management of monetary, financial flows and investments**

The purpose of this Special Part is to illustrate the responsibilities, criteria and rules of conduct to which the Recipients of this Model, as defined in the General Part, must comply in the management of the activities related to the process “Management of monetary and financial flows and investments”, in compliance with the principles of maximum transparency, timeliness and collaboration, as well as traceability of the activities in order to reduce the risk deriving from the potential commission of the offences referred to in the Decree:

- art. 24 / art. 25- Offences against the public administration including public disbursements
- art. 25 bis – Forgery offences
- art. 25 octies - Offences of receiving stolen goods and money laundering
- art. 25 decies - Coercion to not make statements or to make false statements to court authorities

The management of financial flows could present risk profiles in relation to offences against the Public Administration and its assets if a senior or subordinate person uses Paola Lenti’s financial resources to commit corrupt actions.

Moreover, non-transparent management could present risk profiles inherent to the offences of money laundering and use of money of unlawful origin, as well as self-laundering in the event that, for example, the Company, by transferring sums of money, diverts funds or lends financial support to organised criminal organisations, or if it receives sums of money from crime, or legally uses sums deriving from its own unlawful conduct.

### **Specifically, the purpose of this Special Section is to:**

- define the procedures that the Recipients must follow in order to correctly apply the provisions of the Model
- support the Supervisory Body and managers of the other company functions to exercise control, monitoring and verification activities

### **With reference to the correct performance of process activities, the Recipients are required to:**

- operate in full compliance with the Code of Ethics
- clearly define the roles and tasks of the persons responsible for each process
- ensure that all payments on bank accounts in the name of Paola Lenti, as well as payments made in different ways (e.g. non-transferable cheques, company credit cards), are adequately documented and authorised pursuant to the system of proxies in force
- only authorise persons with the appropriate power of attorney to manage and handle financial flows
- set limits on the autonomous use of financial resources, by defining quantitative thresholds consistent with the roles and organisational responsibilities attributed to each employee
- ensure the use of traceable instruments for financial transactions
- ensure the traceability of the decision-making phases of financial dealings with stakeholders, through the archiving of relevant documentation supporting transactions
- proceed with the traceability and verifiability of all phases of each process with adequate archiving of the documents used
- verify that the documentation and any other formalised information is drawn up truthfully and correctly
- maintain evidence, in appropriate records on computer archives, of transactions carried out on current

accounts opened with foreign States in which the rules of traceability and transparency of flows remain laxer than those in force in Italy

- verify the reliability of the beneficiaries of financial transactions, ensuring that the same are carried out in the countries in which the beneficiaries themselves operate or in the countries indicated by the contract
- identify outsourcers, consultants, partners and collaborators, who participate in the process under review using transparent methods and pursuant to specific company procedures
- ensure compliance with the limits provided for by the anti-money laundering legislation in relation to the management and use of cash
- report the receipt of counterfeit coins received in connection with the sale of products or at another time

In the scope of the aforementioned behaviours, it is strictly forbidden to:

- make or accept payments for cash above the thresholds defined by the anti-money laundering regulations, or with untraceable means of payment
- make payments that are not adequately documented
- create funds for unjustified payments (wholly or partially)
- placing counterfeit money in the financial circuit for various reasons that entered the company's possession
- make payments for which the fairness of the consideration agreed upon has not been attested

In addition to the above, Paola Lenti has prepared a number of documents to which Recipients are required to refer when managing Process activities:

- Code of Ethics

## **Special Part 2 – Personnel selection recruitment and management**

The purpose of this Special Part is to illustrate the responsibilities, criteria and rules of conduct to which the Recipients of this Model, as defined in the General Part, must comply in the management of the activities related to the process “Management of the selection, recruitment and management of personnel”, in compliance with the principles of maximum transparency, timeliness and collaboration, as well as traceability of the activities in order to reduce the risk deriving from the potential commission of the offences referred to in the Decree:

- art. 24 / art. 25- Offences against the public administration including public disbursements
- art. 25 ter - Corporate offences
- art. 25 decies - Coercion to not make statements or to make false statements to court authorities
- art. 25 duodecies - Employing third-country nationals who are illegal immigrants

Recruitment management activities could present risk profiles in relation to offences against the Public Administration and its assets, as well as corporate offences, if Paola Lenti hires a new resource, recommended or in any case “close” to certain politically exposed persons or persons operating within the Public Administration (“PA”), such as Public Officials, Persons in Charge of a Public Service, etc., in order to carry out a corruptive action or in any case to obtain favourable treatment within the scope of the corrupted person's responsibilities/liabilities.



Likewise, the management of the reward/incentive system could present risk profiles inherent in offences against the Public Administration and its assets, as well as corporate offences, if cash prizes/incentives were paid to a resource deliberately not proportionate to their role/skills, in order to provide the employee with a specific amount of money to carry out corrupt actions against public officials.

With regard to the offence of Employing third-party nationals who are illegal immigrants, the recruitment management activity, through specific and rigorous checks in this regard, represents a safeguard to the possibility that agreements are defined that are not in line with the legal provisions even in the absence of the eligibility requirements.

**Specifically, the purpose of this Special Section is to:**

- define the procedures that the Recipients must follow in order to correctly apply the provisions of the Model
- support the Supervisory Body and managers of the other company functions to exercise control, monitoring and verification activities

**With reference to the correct performance of Process activities, Recipients are required to:**

- operate in compliance with the Code of Ethics
- clearly define the roles and tasks of the persons responsible for the selection and management of employees and collaborators
- define a structured evaluation system for candidates, which guarantees the traceability of the reasons that led to the selection/exclusion of the candidate
- carry out selection activities to ensure that the selection of candidates is made on the basis of objective considerations of the professional and personal characteristics necessary for the execution of the work to be carried out, avoiding favouritism of all kinds
- verify possible conflicts of interest of the candidates
- operate in compliance with the criterion of meritocracy and equal opportunities, without any discrimination based on sex, racial and ethnic origin, nationality, age, political opinions, religious beliefs, health status, sexual orientation, economic and social conditions, in relation to the real needs of Paola Lenti
- recruit staff only and exclusively with a regular employment contract
- ensure the existence of the documentation certifying the correct performance of the selection and recruitment procedures
- ensure that the definition of the economic conditions is consistent with the position held by the candidate and the responsibilities/tasks assigned
- define the objective parameters for the incentive process of employees and collaborators belonging to previously identified professional figures
- ensure that working conditions are guaranteed within Paola Lenti that respect personal dignity, equal opportunities and an adequate working environment, in compliance with the collective bargaining regulations of the sector and the social security, tax and insurance regulations

- ensure the prompt availability of documents in the event of a request and the traceability of the process by defining appropriate documentation archiving methodologies

**In the scope of the aforementioned behaviours, it is strictly forbidden to:**

- operate using the logic of favouritism and/or discrimination
- tolerate forms of irregular or child labour or exploitation of labour
- recruit staff, even for temporary contracts, without compliance with current regulations (for example in terms of social security and welfare contributions, residence permits, etc.)
- hire or promise to hire persons (or their relatives, next of kin, friends, etc.) who have participated in authorisation processes in third party companies for permits, projects and/or orders in favour of Paola Lenti
- promising or granting promises of employment/career advancement to resources close to or liked by employees of third companies when this is not in line with Paola Lenti's real needs and does not respect the principle of meritocracy

In addition to the above, Paola Lenti has prepared a number of documents to which Recipients are required to refer when managing Process activities:

- Code of Ethics

**Special Part 3 - Procurement management, including services and works**

The purpose of this Special Part is to illustrate the responsibilities, criteria and rules of conduct to which the Recipients of this Model, as defined in the General Part, must comply in the management of the activities related to the process "Procurement management including services and works", in compliance with the principles of maximum transparency, timeliness and collaboration as well as traceability of the activities in order to reduce the risk deriving from the potential commission of the offences referred to in the Decree:

- art. 24 / art. 25- Offences against the public administration including public disbursements
- art. 25 ter - Corporate offences
- art 25 septies – Occupational and environmental offences
- art. 25 octies - Offences of receiving stolen goods and money laundering
- art. 25 decies - Coercion to not make statements or to make false statements to court authorities
- art. 25 duodecies - Employing third-country nationals who are illegal immigrants
- art. 25 quinquedecies – Tax Offences
- art. 25 sexiesdecies – Smuggling Offences

The process in question could present various risk factors connected with the aforementioned offences, and could also be identified as a means for the commission of other offences, i.e. the means by which the offence scheme is carried out. With this in mind, it is of the utmost importance that process activities are properly managed and controlled, both at line level and by the relevant control bodies.

**Specifically, this Special Section has the purpose of:**

- define the procedures that the Recipients must follow in order to correctly apply the provisions of the Model

- support the Supervisory Body and managers of the other company functions to exercise control, monitoring and verification activities

With reference to the correct performance of Process activities, Recipients are required to:

- operate in compliance with the Code of Ethics and current laws and regulations and observe any internal rules and/or practices for the selection and management of relations with suppliers and consultants
- respect the principles of transparency, professionalism, reliability, cost-effectiveness, motivation and non-discrimination in the choice of supplier/professional
- clearly define the roles and tasks of the Functions responsible for the management of the various phases of the process
- ascertain the identity of the counterpart, whether a natural or legal person
- verify the existence of any conflicts of interest with regard to personal, financial, legal or other relationships with the physical/legal persons with whom staff may have dealings
- choose, where possible, from a list of potential suppliers, consultants and professionals, the one that guarantees the best relationship between quality and convenience, always taking into account the ethical profiles of the party (including the adoption of an organisational, management and control model pursuant to Italian Legislative Decree 231/2001 and compliance with the provisions of the Code of Ethics and the organisation Model of Paola Lenti required of third parties)
- ensure that the contractual device used contains specific information on the rules of conduct adopted by Paola Lenti with reference to Italian Legislative Decree 231/2001 and the consequences that may have, with regard to contractual relationships, conduct contrary to the provisions of the Code of Ethics and current legislation
- ensure that the conferment of the mandate/assignment to the consultant/professional results from a written document
- verify that the remuneration of external consultants is strictly commensurate with the performance indicated in the contract
- settle fees in a transparent manner that can always be documented and reconstructed ex post; in particular, verify the correspondence between the payee and the consultant who provided the service
- ensure that foreign workers and individuals working on a continuous basis in Paola Lenti, even if not subject to an employment relationship, have their residence permit in order
- select freight forwarders pursuant to internal procurement procedures, after verifying the requirements of good standing, professionalism
- define the representation relationship with freight forwarders by means of special contracts defining terms and conditions, as well as the relevant liability profiles
- include clauses in contracts with freight forwarders whereby suppliers undertake to comply with the Company's organisation model and code of ethics

In the scope of the aforementioned behaviours, it is strictly forbidden to:

- awarding consultancy assignments to persons or companies "close to" or "liked" by public bodies in the absence of the necessary requirements of quality and convenience of the transaction
- issue or accept invoices for non-existent transactions

- make payments and recognise the reimbursement of expenses in favour of consultants that are not adequately justified in relation to the type of assignment carried out, that are not supported by valid fiscal justification and that are not set out in the invoice/reimbursement of expenses
- request/certify the purchase/receipt for non-existent professional services
- create non-accounting capital funds against transactions contracted at prices higher than market prices, or through invoicing, in whole or in part, non-existent
- bringing goods into the territory of the State in breach of customs provisions
- indicate false and/or erroneous data and information on customs declarations, using invoices or other incorrect documents
- take advantage of customs benefits not due
- improper recourse to the institution of temporary importation
- issue false invoices or other documents in order to circumvent customs obligations

In addition to the above, Paola Lenti has prepared a number of documents to which Recipients are required to refer when managing Process activities:

- Code of Ethics

#### **Special section 4 - Management of the production process and product sales**

The purpose of this Special Part is to illustrate the responsibilities, criteria and rules of conduct to which the Recipients of this Model, as defined in the General Part, must comply in the management of the activities related to the process “Management of the production process and product sales”, in compliance with the principles of maximum transparency, timeliness and collaboration, as well as traceability of the activities in order to reduce the risk deriving from the potential commission of the offences referred to in the Decree:

- art. 25 bis - Counterfeiting offences
- art. 25 bis.1 – Offences against industry and commerce
- art. 25 ter - Corporate offences
- art. 25 septies – Worker health and safety offences
- art. 25 novies - Copyright infringement offences
- art. 25 undecies – Environmental offences
- art. 25 quinquedecies – Tax Offences

The management of the production process could present risk profiles in the design and prototype phases as well as in the subsequent product production phases, and in the initial phase of importing materials.

Likewise, the activity related to the sale could present risk profiles of private corruption at the time of defining the sales proposals, of fraud in the exercise of commerce, rather than the expenditure of counterfeit coins received on the occasion of retail sales.

#### **Specifically, the purpose of this Special Section is to:**

- define the procedures that the Recipients must follow in order to correctly apply the provisions of the Model
- support the Supervisory Body and managers of the various company functions in the exercise of control,

monitoring and verification activities

**With reference to the correct performance of Process activities, Recipients are required to:**

- operate in compliance with the Code of Ethics
- clearly define the roles and tasks of the persons responsible for the process
- behave correctly and transparently, in compliance with the law, towards stakeholders, whether customers or suppliers
- participate with the utmost correctness in commercial negotiations, providing complete and truthful information and news on the products
- provide for the obligation to comply with the provisions of the law to protect the intellectual property rights
- provide for the adoption of specific protection instruments (e.g. access rights) relating to the preservation and archiving of intellectual works, ensuring their indexation
- manage relations with customers with the utmost transparency, guaranteeing high quality standards of communication, in compliance with the regulations for the protection of competition and the market, providing truthful, accurate and exhaustive information about the origin and quality of the products offered for sale
- carry out control activities on products both in the preventive and post-market phases
- provide for legal checks on the possible existence of identical trademarks or patents or the possible existence of similar trademarks and patents that may, even potentially, conflict with the one to be registered, and that there are no problems hindering the filing and consequent use on the Italian market of a foreign trademark or patent
- provide for the dossier necessary for a possible registration of the Model Design
- contracting the performance of specific audits at its suppliers to verify the adequacy of the systems used for production and compliance with legal regulations

**In the scope of the aforementioned behaviours, it is strictly forbidden to:**

- engaging, collaborating in or causing the commission of conduct which, although not constituting an offence in itself among those considered above, may potentially become one
- alter the proper functioning of a negotiation by artifice and deception
- Damaging competition
- use distinctive signs of others' products without a valid licence or outside the limits defined by the relevant contracts
- engage in any form of intimidation or harassment of other competitors operating in the same sector (e.g. through boycotts, employee lay-offs, refusal to contract, etc.).
- introduce into the territory of the State, for the purpose of profiting from it, industrial products with counterfeit or altered trademarks or other distinctive signs, whether national or foreign
- industrially manufacture or use objects or other goods made by encroaching on an industrial property right or in breach thereof, being aware of the existence of the industrial property right
- holding for sale, offering for sale or otherwise putting into circulation, in order to make a profit, goods that are marked with counterfeit or altered trademarks that could induce the purchaser to exchange them for other known trademarks, creating possible confusion among customers and causing significant damage to the owner

of the counterfeit trademark

- delivering to the purchaser a movable thing for another, or a movable thing, in origin, source, quality or quantity, different from that stated or agreed

In addition to the above, Paola Lenti has prepared a number of documents to which Recipients are required to refer when managing Process activities:

- Code of Ethics

### **Special Part 5 - Preparation of the Financial Statements, Tax Returns and management of relations with control bodies**

The purpose of this Special Part is to illustrate the responsibilities, criteria and rules of conduct to which the Recipients of this Model, as defined in the General Part, must comply in the management of the activities related to the process “Preparation of the Financial Statements, Tax Returns and management of relations with the supervisory bodies”, in compliance with the principles of maximum transparency, timeliness and collaboration, as well as traceability of the activities in order to reduce the risk deriving from the potential commission of the offences referred to in the Decree:

- art. 25 ter - Corporate offences
- art. 25 - quinquiesdecies – Tax Offences

Activities related to the preparation of the Financial Statements may present risk profiles in relation to the commission of the offence of false corporate communications, for example through the approval of untrue Financial Statements, also due to incorrect management, booking, aggregation and evaluation of accounting data, or through the disclosure in the Explanatory Notes of material facts that do not correspond to the truth or in the event of omission or alteration of information on the economic, equity or financial situation in order to mislead Recipients such as the Board of Statutory Auditors, Quotaholders and stakeholders in general.

#### **Specifically, the purpose of this Special Section is to:**

- define the procedures that the Recipients must follow in order to correctly apply the provisions of the Model
- support the Supervisory Body and managers of the other company functions to exercise control, monitoring and verification activities

#### **With reference to the correct performance of Process activities, Recipients are required to:**

- operate in compliance with the Code of Ethics
- clearly define the roles and tasks of the persons responsible for the process in all its phases
- disseminate to the personnel involved in the preparation of accounting documents, regulatory tools that clearly define the accounting standards to be adopted for establishing the information and data on Paola Lenti's economic and financial situation and assets and liabilities and the operating methods for recording the same.

These rules must be promptly supplemented/updated by the indications provided by the competent office on the basis of the news in the field of primary and secondary legislation and disseminated to the recipients indicated above

- prepare and disseminate instructions, addressed to the various resources, indicating precisely the data and information that must be provided to the AFC (Administration, Finance and Control) function so that the accounting documents are always drawn up with precision and accuracy, as well as the methods and timing of their transmission
- guarantee the strictest accounting transparency at any time and in the face of any circumstance
- guaranteeing the traceability of the decision-making process by means of documentation and archiving (telematic and/or hard copy) of each activity in the passive cycle; in particular, each goods and/or services purchase operation must correspond to a duly authorised purchase request, a purchase order, a contract, documentation certifying the existence of the supplier, the relative expertise, the execution of the transaction (information sheet, identification for VAT purposes, delivery note, transport documents, time-sheet, reports, etc.)
- ensure the verification of the relationship between the person who performed the service/transfer of goods and the holder of the invoices received
- provide a mechanism for checking the economic validity of the transaction and its objectively and subjectively substantive effectiveness
- provide a control mechanism on the value/price of goods/services in line with that normally practised in the reference market
- provide for the use of the dedicated computer system for recording active and passive invoices, as well as any other economic event, capable of tracing each entry
- record in a timely manner each accounting entry reflecting a corporate transaction, retaining adequate supporting documentation to identify the reason for the transaction that generated the entry and its authorisation
- proceed with the assessment and recording of economic assets in compliance with the criteria of fairness and prudence, clearly illustrating, in the relevant documentation, the criteria that led to the determination of the value of the asset
- ensure compliance with the rules on the segregation of duties between the person who carried out the transaction, the person who enters the transaction in the accounts and the person who carries out the relevant control
- strictly observe all the rules laid down by law to protect the integrity and effectiveness of the Quota capital, so as not to damage the guarantees of creditors and stakeholders in general
- managing documents, reports and other notes in a correct and detailed manner, keeping records of activities and ensuring their preservation through archiving
- ensure continuous alignment between the user profiles assigned and the role held within Paola Lenti in compliance with the principle of data integrity and traceability of access and subsequent changes
- make promptly and correctly, truthfully and completely, the communications required by the law, regulations and company rules in force over time towards the control bodies or Quotaholders
- make changes to the accounting data only on the basis of a formal authorisation by the Organisational

Function that generated them

- provide control mechanisms that ensure that each cost/revenue item is attributable to an invoice or any other documentation certifying the existence of the transaction
- provide that the increases and/or decreases reported in the tax returns (IRES and IRAP) are supported by adequate documentation and justification in compliance with the applicable tax legislation
- provide that the data and information reported in VAT returns are consistent and coherent with the VAT Registers and the periodic settlements made
- ensure that the taxes paid (IRES, IRAP, VAT, withholding taxes) are compliant and consistent with the data and information reported in the tax returns
- ensure compliance with the requirements of the legislation on direct and indirect taxes
- provide mechanisms for periodic review of the correct execution of tax obligations
- sign, where a third party consultant is used in the preparation and sending of tax returns, a specific contract in which to include standard clauses on the unconditional acceptance by the consultant of the principles referred to in Italian Legislative Decree 231/2001 and the Code of Ethics
- provide for meetings and/or exchanges of periodic information with any accounting, tax outsourcers, etc., in order to verify their regular and constant professionalism in the management of the service and preparation of the accounting documents
- maintain, towards the Board of Statutory Auditors of the External Auditor, a correct, integral and collaborative behaviour that allows them to carry out their control activities
- keep track of the documentation requested by the control bodies and the documentation submitted
- ensure the regular operation of the Corporate Bodies, guaranteeing and facilitating all forms of internal control over the Company's management provided for by law, as well as the free and correct decision-making of the resolutions of the Quotaholders' Meeting
- provide for periodic training meetings on tax issues and related obligations by a third party consultant, including through the use of circulars

**In the scope of the aforementioned behaviours, it is strictly forbidden to:**

- take actions aimed at providing misleading information with regard to the actual representation of Paola Lenti, not providing a correct representation of the economic and financial situation
- omit data and information imposed by the law on the economic, equity and financial situation of Paola Lenti
- alter or destroy documents and financial and accounting information available on the network through unauthorised access or other actions suitable for such purpose
- concealing and/or destroying in whole or in part accounting records or documents whose preservation is mandatory
- considering fictitious tax elements in tax declarations
- implement simulated operations
- request and/or prepare invoices or other documentation for non-existent transactions
- produce/record false documents to alter tax results and reduce the tax burden



- dispose of assets in order to render the compulsory collection unsuccessful for tax purposes (e.g. make payments for the benefit of suppliers and third parties so as not to interrupt business continuity, consequently subtracting resources from the correct fulfilment of the taxes due)
- hinder the control activities of the Board of Statutory Auditors, the External Auditor and the other control bodies

**In addition to the above, Paola Lenti has prepared a number of documents to which Recipients are required to refer when managing Process activities:**

- Code of Ethics
- Contract with Administrative-Tax Outsoucer

### **Special Part 6 - Information Systems and website management**

The purpose of this Special Part is to illustrate the responsibilities, criteria and rules of conduct to which the Recipients of this Model, as defined in the General Part, must comply in the management of the activities related to the process “Information Systems and website management”, in compliance with the principles of maximum transparency, timeliness and collaboration, as well as traceability of the activities in order to reduce the risk deriving from the potential commission of the offences referred to in the Decree:

- art. 24 / art. 25- Offences against the Public Administration including public disbursements
- art. 24 bis – Cybercrime
- art. 25 novies - Copyright infringement offences

The Information Systems management may present risk profiles in relation to offences against the Public Administration if Paola Lenti falsifies (ideologically and materially) a computer document intended for the Public Administration, as well as if third party systems are illegitimately accessed for the purpose of copying, deleting, inserting or simply amending the data and information contained in the breached system.

Likewise, the website management, also connected to the creation of advertising sections, could potentially present risk profiles with reference to the use of photographic material and not subject to copyright.

**Specifically, the purpose of this Special Section is to:**

- define the procedures that the Recipients must follow in order to correctly apply the provisions of the Model
- support the Supervisory Body and managers of the other company functions to exercise control, monitoring and verification activities

**With reference to the correct performance of Process activities, Recipients are required to:**

- operate in full compliance with the Code of Ethics
- clearly define the roles and tasks of the persons operating in the processes in all its phases
- provide Recipients with adequate information/training regarding:
  - > correct use of company IT resources
  - > risk of committing cybercrime
  - > the importance of keeping access codes (username and password) confidential, and the prohibition of

disclosing the same to third parties

> the necessity of not leaving computer systems unattended and the advisability of locking the same when leaving the workstation

- ensure continuous alignment between the user profiles assigned and the role held within the Company in compliance with the principle of data integrity and traceability of access and subsequent changes
- limit, as far as possible, the use of and access to computer systems (including from and to the outside through connection to the Internet), by the Recipients, exclusively for purposes related to the jobs performed by the latter
- carry out, in compliance with the Privacy Law, GDPR and the Workers' Statute, periodic checks on the company computer network in order to identify abnormal behaviour
- prepare and maintain adequate physical defences to protect servers and all company IT systems
- set up the computer systems in such a way that if they are not used for a certain period of time, they automatically lock
- provide each computer system with adequate firewall and antivirus software and ensure that, where possible, these cannot be deactivated by users
- prevent the installation and use of software not approved by Paola Lenti or not related to the professional activity carried out by the same
- restrict access to areas and websites that are particularly sensitive because they are vehicles for the distribution and dissemination of infected programmes (so-called "viruses") capable of damaging or destroying computer systems or data contained therein (e.g. e-mail sites or information and file dissemination sites)
- protect any wireless connections (i.e. wireless, through routers equipped with a WiFi antenna) with access keys, in order to prevent third parties from illegally connecting to the network through the routers and carrying out offences attributable to Paola Lenti employees
- provide, where possible, an authentication procedure by means of username and password corresponding to a limited profile of the management of system resources, specific to each recipient or category of Recipients
- handle as confidential data and non-public information on customers and stakeholders (commercial, organisational, technical) including remote connection arrangements
- use only software licensed for use and within the limits and conditions envisaged by current legislation and the license itself, with the exception of those computer programs available for download and free use, always under the conditions and within the limits provided for by the law or by the owner of the copyright and other rights related to its use
- use only databases with a licence for use and within the limits and under the conditions envisaged by current legislation and by the licence, with the exception of those databases that can be freely consulted, again under the conditions and within the limits envisaged by law or by the owner of the copyright and other rights connected with its use, including with regard to the search, extraction, processing, reprocessing and publication of the data contained therein
- provide for the obligation to comply with the provisions of the law to protect the intellectual property rights as well as the limitations on the right to duplicate computer programs and to reproduce, transfer, distribute and/or communicate the content of databases

- provide for authorisation mechanisms for the use, reproduction, processing, duplication and distribution of intellectual property or parts thereof
- provide for the formalised verification - at the time of receipt of media containing computer programs, databases, phonograms or videograms of musical, cinematographic or audiovisual works and/or sequences of moving images - of the presence on the same of the marking by the authorities responsible for supervision of copyright, or of the exemption of the media in question from this obligation
- purchase, create, network only content (photographs, video sequences, poems, comments, reviews, articles and other written content, files containing music in any format) licensed for use or in any case in compliance with the legislation on copyright and other rights
- verify that for all content referred to above that is placed on the network by third parties or purchased by the Company and placed on the network, there is an express acceptance of liability on the part of said third parties with regard to compliance with the rules on copyright and other rights connected to the use of intellectual works

**In the scope of the aforementioned behaviours, it is strictly forbidden to:**

- disclose, transfer or share with personnel, internal or external to the Company, their credentials for access to the company's systems and network, customers and third parties - each account holder is liable for the actions carried out through their account on the company's systems and network
- distorting, obscuring, substituting one's identity, and sending anonymous e-mails or e-mails bearing false identities
- tampering with, stealing or destroying company, customer or third party computer assets, including archives, data and programs
- exploit any vulnerabilities or inadequacies in the security measures of the company's, customer's or third party's computer or telecommunication systems, in order to gain access to resources or information other than those to which one is authorised to have access, even if such intrusion does not result in damage to data, programs or systems
- communicate to unauthorised persons, internal or external to the company, the controls implemented on the information systems and the methods by which they are used
- use the company e-mail service in compliance with the internal rules, using only your account
- duplicate, unlawfully and for profit, computer programs or, for the same purposes, import, distribute, sell, hold for commercial or entrepreneurial purposes or lease programs contained in media not marked by the Italian Society of Authors and Publishers (SIAE)
- reproduce, for the purpose of making profit, on media not bearing the SIAE mark, or transfer to another medium, distribute, communicate, present or demonstrate in public the contents of a database in breach of the provisions of the law, or extract or re-utilise the database in breach of the provisions of the law, or distribute, sell or lease a database

**In addition to the above, Paola Lenti has prepared a number of documents to which Recipients are required to refer when managing Process activities:**

- Code of Ethics
- Information Systems Management Procedure
  - > GIT01 - Procedure for using IT tools
  - > GIT02 -26 SW licence verification procedure
- GDPR

### **Special part 7 - Workplace safety management (ex Italian Legislative Decree 81/2008) and the environment**

The purpose of this Special Part is to illustrate the responsibilities, criteria and rules of conduct to which the Recipients of this Model, as defined in the General Part, must comply in the management of the activities related to the process “Safety management in the workplace (pursuant to Italian Legislative Decree 81/2008) and the environment”, in compliance with the principles of maximum transparency, timeliness and collaboration, as well as traceability of the activities in order to reduce the risk deriving from the potential commission of the offences referred to in the Decree:

- Art. 25 septies – Workplace safety offences;
- art. 25 undecies- Environmental offences.

**Specifically, this Special Section has the purpose of:**

- define the procedures that the Recipients must follow in order to correctly apply the provisions of the Model
- support the Supervisory Body and managers of the other company functions to exercise control, monitoring and verification activities

**With reference to the correct performance of Process activities, Recipients are required to:**

- operate in full compliance with the Code of Ethics
- clearly define the roles and tasks of the persons responsible for the Safety and Environmental System
- define objectives and programmes for the continuous improvement of health and safety prevention and protection conditions
- periodically carry out a formalised risk analysis: the risk assessment must be repeated each time organisational and operational changes occur, as well as technical changes, and must describe the prevention and protection measures and personal protection equipment, as well as the programme of measures deemed appropriate in order to implement the measures that can be effectively implemented to reduce the extent of the risks identified.
- with specific regard to risk assessment activities and the “Risk Assessment Document”, a specific Risk Assessment Document must be prepared with the methodologies and criteria specified in the document and with the contents required by law; said Risk Assessment Document examines the individual areas where the

relevant activities are carried out in order to protect the health, safety and hygiene of workers

- correctly use equipment, means of transport and other work equipment
- not to carry out, on their own initiative, operations or manoeuvres that are not within their responsibilities or that may jeopardise their own safety or that of other workers
- comply with the provisions envisaged by the Emergency and Evacuation Plan
- comply with the requirements of safety signs
- comply with the regulations and requirements on waste disposal and reporting obligations
- identify all categories of waste and the correct methods of temporary storage of the same, including the regulation of waste possibly produced by contractors within the Company's sites
- define the administrative procedures for the provision of waste to collection, storage and disposal companies, including the criteria for prior verification and during the performance of the contract, of the presence of the necessary authorisations under the same
- organise and provide continuous training programmes for workers, both in terms of safety and the environment
- provide that contracts with third parties involved in the management of the Safety System and the waste disposal activity contain standard clauses on the unconditional acceptance of the principles referred to in Italian Legislative Decree 231/2001 and the Code of Ethics

In addition to the above, Paola Lenti has prepared a number of documents to which Recipients are required to refer when managing Process activities:

- Code of Ethics

## **Special Part 8 - Management of relations with Public Bodies and inspections**

The purpose of this Special Part is to illustrate the responsibilities, criteria and rules of conduct to which the Recipients of this Model, as defined in the General Part, must comply in the management of the activities related to the process "Management of relations with Public Bodies and inspections", in compliance with the principles of maximum transparency, timeliness and collaboration, as well as traceability of the activities in order to reduce the risk deriving from the potential commission of the offences referred to in the Decree:

- art. 24 / art. 25- Offences against the Public Administration including public disbursements.

The process in question could present different risk profiles in relation to offences against the Public Administration and its assets, if a senior or subordinate person promises or distributes money or other benefits to a Public Official to favour the Company. Similarly, the incorrect handling of documentation intended for the Public Administration ("PA") could constitute false information from which an offence of fraud or embezzlement could arise.

### **Specifically, this Special Section has the purpose of:**

- define the procedures that the Recipients must follow in order to correctly apply the provisions of the Model
- support the Supervisory Body and managers of the other company functions to exercise control, monitoring and verification activities

With reference to the correct performance of Process activities, Recipients are required to:

- operate in compliance with the Code of Ethics
- provide for a clear segregation of roles between those who manage relations with the PA during the inspection phases and those who have the task of supervising their performance (e.g. verification and signing of the inspection report)
- adopt procedures governing the methods of participation by the persons in charge, in judicial, tax, administrative and/or supervisory inspections and the methods of managing relations with public entities during inspections/controls
- ensure that only persons with a specific power of attorney are authorised to sign the minutes and documentation required during the performance of the verification and control activities
- verify that, during any judicial, tax and administrative inspections, the persons expressly delegated to do so participate (in any case always at least two); the appropriate minutes must be drawn up and kept of the entire procedure relating to the inspection and, in the event that the final report highlights critical issues, the SB must be immediately informed in writing by the head of the Function/Organisational Unit involved
- verify the existence of any conflicts of interest with regard to personal, financial, legal or other relationships with the physical/legal persons of the PA with whom staff may have dealings with regard to the sensitive activity in question
- proceed with the ex post traceability and verifiability of transactions made with the PA through adequate documentary/information supports
- choose outsourcers, consultants, partners and collaborators, possibly employed by Paola Lenti, to assist the latter during the verification/inspection process with transparent methods

In the scope of the aforementioned behaviours, it is strictly forbidden to:

- make cash donations or equivalent/similar securities to Italian or foreign public officials
- distribute gifts and presents outside the provisions of business practice (that is, any form of gift exceeding normal business practices or courtesy or in any case aimed at acquiring favourable treatment in the conduct of any business activity); in particular, any form of gift to Italian or foreign public officials, (including in those countries where the giving of gifts is a widespread practice), or to their relatives, which may influence their discretion or independence of judgement or induce them to secure any advantage for the company
- grant other advantages of any kind (such as, by way of example, promises of direct hiring or of close relatives) in favour of representatives of the PA, which may determine the same consequences envisaged in the previous point
- recognise remuneration or perform services in favour of Consultants, Suppliers, Customers and Agents that are not adequately justified in the context of the contractual relationship established with them and current practices in the local area

In addition to the above, Paola Lenti has prepared a number of documents to which Recipients are required to refer when managing Process activities:

- Code of Ethics