

ORGANISATION, MANAGEMENT AND CONTROL MODEL

According to Italian Legislative Decree 8 June 2001
No. 231

LUCART S.p.A.

GENERAL PART

Approved by the Board of Directors on 31 March 2022


Status of revisions

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	Organisational, Management and Control Model according to Italian Legislative Decree 231/01		
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1. PREMISE AND PURPOSE

The Organisation, Management and Control Model according to Legislative Decree No. 231 of 8 June 2001 (hereinafter the “**Model**”) has been adopted by LUCART S.p.A. (hereinafter also the “Company”) to prevent certain offences committed, in their interest or to their advantage, by:

- persons holding representative, administrative or managerial positions in the organisations or a financially and operationally independent organisational units thereof, as well as persons who exercise also management and control of the organisation also *de facto* (“persons in senior positions”);
- persons subject to the management or supervision of one of the above persons (“persons in a subordinate position”).

In particular, the 231 Model was also adopted for exemption purposes under the Italian regulations on “the administrative liability of legal entities deriving from offences” outlined in Legislative Decree No. 231 of 8 June 2001 (hereinafter also referred to as the **Decree**), which requires companies to adopt organisation, management and control models suited to prevent offences.


The inspiring principles of the adopted 231 Model can be found in the guidelines prepared by Confindustria, of which the Company is a member.

The overall objective of this organisational model is to set up a structured and organic system of prevention, deterrence and control, aimed at reducing the risk of committing the offences under Decree 231, by identifying sensitive activities and consequently defining a series of control measures, graduated according to the manifested risk level.

The principles contained in this Organisational and Management Model are aimed at making the potential perpetrator aware that an unlawful act is being committed and that the commission of the act is deprecated and contrary to the interests of LUCART S.p.A., even when the latter could apparently gain an advantage. Moreover, by constant monitoring of activities, the principles will allow LUCART S.p.A. to react prevent or promptly to prevent the offence from being committed.

The key items identified by the Company in defining the Model are briefly summarised as follows:

- Map of “sensitive” corporate activities, i.e. those within the scope of which the offences under the Decree may be committed, due to their nature, and therefore must be subjected to analysis and monitoring;
- Analysis of existing protocols and definition of possible implementations aimed at guaranteeing control principles regarding “sensitive” corporate activities;
- Methods for managing financial resources suited to prevent the commission of offences;
- Definition of the composition rules of the Supervisory Board (hereinafter also “Board” or “SB”), the requirements and the activities entrusted thereto to supervise the effective and correct functioning of the Model;
- Definition of information flows to the Board;

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- Information, awareness-raising and dissemination activities of the established behavioural rules and procedures at all company levels;
- Definition of responsibilities for the approval, transposition, integration and implementation of the Model, and for verifying operation and corporate conduct with periodic updating (*ex-post* controls).


From a continual improvement perspective and at the outcome of specific projects, the 231 Model of LUCART S.p.A. is subject to updates that take into account:

- legal innovations concerning the scope of application of Legislative Decree No. 231 of 2001 and the evolution of the regulatory framework in the areas of interest;
- the development and application of corporate governance and risk management principles within the Company and the Group;
- organisational changes within the Company and the Group;
- developments in case law and doctrine on the matter of Legislative Decree 231/01;
- considerations arising from the application of the 231 Model, including experiences resulting from criminal litigation;
- practices of Italian and international companies concerning compliance models;
- results of the supervisory activities carried out by the Supervisory Board and internal audit findings.

The 231 Model of LUCART S.p.A. consists of the following parts:

- General Part of the Model (this document);
- General Part of the Model Annex 1 - List of offences under Legislative Decree 231/01;
- Special Part of the Model;
- Special Part of the Model - Annex 1 Risk Assessment Method;
- Special Part of the Model - Annex 2 Risk Assessment.

Furthermore, the Code of Ethics written by LUCART S.p.A. and applied to all Group companies, as well as any policies adopted by the Board of Directors on ethics, anti-corruption and compliance, are part of the Model.

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2. ITALIAN LEGISLATIVE DECREE 231/2001

Italian Legislative Decree 231 of 8 June 2001 (hereinafter the “**Decree**”) introduced the concept of the administrative liability of organisations, companies, associations and legal persons for certain offences committed (or even only attempted) by persons acting in interest or to the advantage of said organisations, companies, associations and legal persons for the first time in Italian Law.

According to the **Decree**, if a person commits an offence in the interest or to the advantage of a company, the administrative liability of the company will derive from the offence in addition to the criminal liability of the person who committed the offence.

This form of corporate liability is independent of that of the natural person who commits the offence and is part of the broader duties of the organisation, for which companies are required to adopt an organisational form, an internal control system and all measures necessary for preventing offences.

Organisational liability is particularly significant, in that it is the expression of unwise company policy and, therefore, formalises the organisational processes that condition the planning, management and running of the company in an imputative (subjective) key. The issue of the risk-crime prevention in organisations is consequently an issue of “organisation within the organisation” and, thus, of “fault” in the event of ascertained disorganisation.


The outlined system states that organisational liability is expressed already in the failure to design a prudent business strategy aimed at risk prevention, and, therefore, is an organisational deficit inherent in an initial business strategy, i.e. a “reprehensible inefficiency”. To be exonerated from liability, the organisation must prove that it has adopted and effectively implemented appropriate organisation, management and control measures to prevent the commission of the expressly listed criminal offences. Otherwise, the organisation will be liable for a lack of organisation, i.e., due to “culpable disorganisation”.

The law exhaustively sets out the offences to the commission which implies the administrative liability of the organisation in whose interest or to whose advantage the offences are committed (the “**Offences**”).

LUCART S.p.A. belongs to the category of organisations that may incur the administrative liability at hand.

Therefore, the Company has decided to adopt an Organisational, Management and Control Model capable of preventing the commission of the **Offences** which, if said offences are committed, prevents incurring administrative liability under the conditions under the **Decree**.

The Company has adopted an organisational model, an internal control system and appropriate rules of conduct capable of preventing the commission of the offences listed in the aforementioned decree, by people in senior management positions (directors, managers, employees or other collaborators) and by people subject to their supervision.

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2.1. *The Contents of Legislative Decree 231/01*

Legislative Decree 231/2001 is a highly innovative measure for the Italian legal system. It adapts Italian law on the liability of legal persons to several important international Conventions and European Union Directives, going beyond the traditional principle according to which *societas delinquere non potest*.

With Legislative Decree 231/2001 and its subsequent additions (which expanded the range of offences included in the scope of the regulation), the principle that legal persons are financially and directly liable for offences committed in their interest or to their advantage became the law of the country.

However, Legislative Decree 231/2001 allows companies to be exempt from administrative liability (the so-called “protective shield”) if the company is found to be extraneousness as an institution to a committed offence of those under the Decree, with the result the person who committed the offence is liable alone.


The aforementioned extraneousness of the Company to the criminal acts must be proven by demonstrating that a set of organisational and conduct rules (the so-called “Organisation, Management and Control Model”) capable of preventing the commission of the concerned offences is in operation.

The Company will not be liable if an offence under the Decree is committed by persons holding representation, administration or management functions within the Company or one of its organisational units with financial and functional autonomy, or by persons who are in charge, also *de facto*, of the management and control of the company (people in a senior position), providing that the company can prove that:

- the executive board had adopted and effectively implemented an appropriate Organisation, Management and Control Model to prevent offences of the occurred kind before the offence was committed;
- the task of supervising the operation and observance of the Model and suggesting updates was entrusted to a Supervisory Body vested with autonomous powers of initiative and control;
- the offence was committed by fraudulently circumventing the Model;
- there was no failure in oversight or insufficient supervision by the Supervisory Body.

If the offence was committed by persons subject to the management or supervision of one of the above-mentioned persons, the Company is liable if the commission of the offence was made possible by the failure to comply with the management and supervision obligations.

Such non-compliance would be excluded if the Company had adopted and effectively implemented a Model capable of preventing offences of the committed kind before the offence was committed.

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There are two different types of relationships that “link” the company in whose interest or advantage an offence may be committed and the offender. Article 5(1) refers to people in senior positions, i.e. “people who hold positions of representation, administration or management within the Company”. These are generally directors, general managers, heads of branch offices and heads of divisions with financial and functional autonomy. Paragraph 2 of the same article, on the other hand, refers to “people subject to the direction or supervision of one of the persons referred to in (a)”.

The different position of the persons who may be involved in the commission of offences implies different criteria for attributing liability to the Company. Article 6 of the Decree places the burden of proving that preventive measures have been implemented on the company if the offender is a person in a so-called senior position. Otherwise, based on the interpretation of the letter of the rule, the burden of proof lies with the Public Prosecutor if the offender is subject to the direction or supervision of others.

The Decree also established that the Model must meet the following requirements, i.e. the Model must:

- identify the activities in which there is a possibility of crimes being committed;
- lay down specific regulations and procedures to plan and implement the decisions made by the Organisation concerning the crimes to be prevented;
- identify appropriate methods to manage financial resources to prevent the offences from being committed;
- provide the obligation of disclosure to the board in charge of supervising the operation of the Model and compliance therewith;
- introduce an appropriate internal disciplinary system to penalise non-compliance with the measures indicated in the Model.
- Moreover, the amendments of Law No. 179 of 30 November 2017 introduced the obligations of ensuring the protection of a person reporting unlawful conduct in the Model (Article 6, paragraph 2-bis).

2.2. The Catalogue of Offences

The types of offences that may imply the administrative liability of organisations are set out below under the Decree itself.

An exhaustive list attached to this document contains a description of the individual alleged offences as well as (as shown in the following example) the following information:

DESCRIPTION OF THE OFFENCE	REF. ARTICLES 231	DATA OF INTRO.	ORIGINAL SOURCE	ORIGINAL SOURCE ARTICLE	FINE (unit)		DISQUALIFICATION (months)	
					MIN	MAX	MIN	MAX
(Misappropriation to the detriment of the State or other public body) Whoever, outside of public officials, obtains from the State or from another public body or from the European Community, contributions, grants or finance destined to favour initiatives for works or activities of public interest and does not use them for the aforementioned aims, is punished with a term of imprisonment from six months to four years.	24 (Offences committed in relations with the Public Administration)	4 July 2001	Criminal Law Code	316 bis	100	600	3	24

1. Description of the offence;
2. Reference to Article of Legislative Decree 231;
3. Date of introduction of the offence in Legislative Decree 231;
4. Original source (e.g. criminal law code, civil law code, etc.) of the offence;
5. Article from the original source;
6. Penalties under Legislative Decree 231 for the individual offence expressed as a minimum and a maximum number of units (for fines) and a minimum and a maximum number of months of disqualification.

Catalogue updated as of 14 December 2021 (the last measure added: Italian Legislative Decree 8 November 2021, n. 184).

- Misappropriation of funds, fraud to the detriment of the State, a public body or the European Union or to obtain public funds, computer fraud to the detriment of the State or a public body and fraud in public supply (Article 24, Legislative Decree No. 231/2001) [article amended by Law No. 161/2017 and Legislative Decree No. 75/2020].
- Cyber crimes and unlawful data processing (Article 24-bis, Legislative Decree No. 231/2001) [article introduced Law No. 48/2008; amended by Legislative Decree No. 7 and 8/2016].
- Organised crime (Article 24-ter, Legislative Decree No. 231/2001) [article introduced by Law No. 94/2009 and amended by Law No. 69/2015].

- Embezzlement, extortion, undue induction to give or promise benefits, bribery and abuse of position (Article 25, Legislative Decree No. 231/2001) [amended by Law No. 190/2012, Law No. 3/2019 and Legislative Decree No. 75/2020].
- Forgery of money, public credit cards, revenue stamps and identification instruments or signs (Article 25-bis, Legislative Decree No. 231/2001) [article added by Law Decree No. 350/2001, transposed with amendments by Law No. 409/2001; amended by Law No. 99/2009; amended by Legislative Decree No. 125/2016].
- Crimes against industry and trade (Article 25-bis.1, Legislative Decree No. 231/2001) [article added by Law No. 99/2009].
- Corporate offences (Article 25-ter, Legislative Decree No. 231/2001) [article added by Legislative Decree No. 61/2002, amended by Law No. 190/2012, by Law No. 69/2015 and by Legislative Decree No. 38/2017].
- Crimes for terrorism or subversion of the democratic order provided for by the Criminal Code and special laws (Article 25-quater, Legislative Decree No. 231/2001) [article introduced by Law No. 7/2003].
- Female genital mutilation (Article 25-quater.1, Legislative Decree No. 231/2001) [article introduced by Law No. 7/2006].
- Crimes against the individual personality (Article 25-quinquies, Legislative Decree No. 231/2001) [article introduced by Law No. 228/2003; amended by Law No. 199/2016].
- Trade abuse offences (Article 25-sexies, Legislative Decree No. 231/2001) [article introduced by Law No. 62/2005].
- Other cases of trade abuse (Article 187-quinquies TUF) [article amended by Legislative Decree No. 107/2018].
- Crimes of culpable homicide and grievous or very grievous bodily harm, committed in breach of the rules on accident prevention and occupational health and safety (article 25-septies, Legislative Decree No. 231/2001) [article introduced by Law No. 123/2007; amended Law. No. 3/2018].
- Receiving, laundering and using money, goods or benefits of unlawful origin, as well as self-laundering (article 25-octies, Legislative Decree No. 231/2001) [article introduced by Legislative Decree No. 231/2007; amended by Law No. 186/2014].
- Offences relating to non-cash means of payment (Article 25-octies.1, Legislative Decree No. 231/2001) [article introduced by Legislative Decree No. 184 of 8 November 2021].
- Copyright infringement offences (Article 25-novies, Legislative Decree No. 231/2001) [article introduced by Law No. 99/2009].
- Incitement not to make statements or to make false statements to the judicial authorities (Article 25-decies, Legislative Decree No. 231/2001) [article introduced by Law No. 116/2009].

- Environmental offences (Article 25-undecies, Legislative Decree No. 231/2001) [article introduced by Legislative Decree No. 121/2011, amended by Law No. 68/2015, amended by Legislative Decree No. 21/2018].
- Employment of illegally staying third-country nationals (Article 25-duodecies, Legislative Decree No. 231/2001) [article introduced by Legislative Decree No. 109/2012, amended by Law No. 161 of 17 October 2017].
- Racism and xenophobia (Article 25-terdecies, Legislative Decree No. 231/2001) [article added by Law No. 167 of 20 November 2017, amended by Legislative Decree No. 21/2018].
- Fraud in sporting competitions, unlawful gaming or betting and gambling utilizing prohibited devices (Article 25-quaterdecies, Legislative Decree No. 231/2001) [article added by Law No. 39/2019].
- Tax offences (Article 25-quinquesdecies, Legislative Decree No. 231/2001) [article introduced by Law No. 157/2019 and Legislative Decree. 75/2020].
- Smuggling (Article 25-sexiesdecies), [article introduced by Legislative Decree 75/2020].
- Liability of organisations for administrative offences dependent on crime (Article 12, Law n. 9/2013) [This is a prerequisite for organisations operating in the virgin olive oil sector].
- Transnational offences (Law No. 146/2006) [The following offences constitute grounds for the administrative liability of organisations if committed transnationally].

2.3. The Penalties for Organisations


The penalties for administrative offences under Article 11 of Legislative Decree No. 231/2001, are as follows:

- fines
- disqualification
- confiscation
- publication of the sentence.

The fines are imposed by the criminal court, taking into account the seriousness of the offence and the degree of liability of the Company, as well as the activity carried out to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences.

The penalty is expressed in units, the individual value of which ranges from a minimum of €250.00 to a maximum of €1,549.00. The number of units applied varies according to the degree of culpability.

The size of the individual unit is determined by the economic-productive situation of the Company.

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Disqualification is provided for - as stated in Article 11(1)(l) - only “in cases of particular severity” and essentially for special prevention reasons to prevent the reiteration of criminal conduct:

- Disqualification from doing business;
- Suspension or revocation of authorisations or concessions functional to the commission of the offence;
- Ban from entering into contracts with the Public Administration, unless these are to obtain a public service;
- Exclusion from benefits, loans, contributions or subsidies and cancellation of those already granted, if applicable;
- Ban on advertising goods and services.

In the case of attempted offences, the penalties will not be applied if the Company voluntarily prevents the performance of the action or the occurrence of the event.


The general provisions of Article 13 of Legislative Decree 231/01 provide for a maximum duration of disqualification of two years.

Law No. 3/2019 made an exception to this general provision by providing for a tightening of the penalty framework of disqualification, limited to the offences of a corruptive nature set out in Article 25(5).

Only in these cases, in the event of an offence committed by a person in a senior position, the duration of the disqualification will be between 4 and 7 years; in the event of an offence committed by a subordinate person, the duration will be between 2 and 4 years.

Summary table of penalties by category of offence

Category of offence Article of Leg. Decree 231/01	Description	Max. No. of units Maximum penalty value	FINES - MAXIMUM FINE UNITS										DISQUALIFICATION - MAXIMUM NUMBER OF MONTHS					
			130	180	200	250	300	330	400	500	600	700	800	1000	6	12	24	84
			€ 201,418	€ 278,887	€ 309,874	€ 387,343	€ 464,811	€ 511,292	€ 619,748	€ 774,685	€ 929,622	€ 1,084,559	€ 1,239,496	€ 1,549,370				
24	Misappropriation of funds, fraud to the detriment of the State, a public body or the European Union or to obtain public funds, computer fraud to the detriment of the State or a public body and fraud in public supply								✓								✓	
24bis	Cyber crimes and data processing					✓		✓	✓								✓	
24ter	Organised crime offences										✓	✓					✓	
25	Embezzlement, extortion, undue induction to give or promise benefits, bribery and abuse of position			✓						✓		✓						✓
25bis	Forgery of money, public credit cards, revenue stamps and identification instruments or signs			✓		✓	✓		✓			✓				✓	✓	
25bis-1	Crimes against industry and trade								✓			✓					✓	
25ter	Corporate offences	✓	✓	✓			✓	✓	✓	✓								
25quater	Crimes for terrorism or subversion of the democratic order provided for by the Criminal Code and special laws										✓		✓				✓	
25quater-1	Female genital mutilation										✓						✓	
25quinquies	Crimes against the individual personality										✓	✓	✓				✓	
25sexies	Trade abuse offences											✓						
25septies	Crimes of culpable homicide and grievous or very grievous bodily harm committed in breach of the rules on accident prevention and occupational health and safety				✓				✓				✓	✓	✓			
25octies	Receiving, laundering and using money, goods or benefits of unlawful origin, as well as self-laundering											✓	✓				✓	
25octies-1	Offences relating to non-cash means of payment											✓					✓	
25novies	Copyright infringement offences															✓		
25decies	Incitement not to make statements or to make false statements to the judicial authorities																	
25undecies	Environmental crimes				✓	✓			✓	✓		✓	✓	✓	✓	✓	✓	
25duodecies	Employment of illegally staying third-country nationals			✓									✓					
25terdecies	Racism and xenophobia												✓				✓	
25quaterdecies	Fraud in sporting competitions, unlawful gaming or betting and gambling utilizing prohibited devices																✓	
25quinquiesdecie	Tax offences					✓		✓	✓								✓	
25sexdecies	Smuggling			✓													✓	
Transnational offences									✓				✓				✓	

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3. THE TRADE ASSOCIATION'S CODE OF CONDUCT

Concerning the provisions of Article 6 of Legislative Decree 231/01, CONFINDUSTRIA (the trade association of which LUCART S.p.A. is a member) prepared the “*Guidelines for the construction of organisation and management models according to Legislative Decree. 231/2001*” - most recently updated with the June 2021 version, which was approved by the Italian Ministry of Justice.

Consequently, the Company's Organisation and Management Model follows the Confindustria guidelines.

4. GENERAL CONSIDERATIONS ON GROUPS OF COMPANIES

It must be noted that the Legislative Decree 231/01 does not expressly and directly address aspects related to the liability of an organisation that is part of a group of companies.

Since the group is not an organisation and thus lacks autonomous legal capacity, it cannot be considered a direct centre of the imputation of liability for offences and cannot be included among the parties indicated in Article 1 of Legislative Decree 231/01.

As confirmed by the recent Confindustria Guidelines (June 2021), there is no form of direct group liability under the Decree itself.

Within the corporate scope of the LUCART Group, the question arises as to the possibilities and prerequisites under which, within the scope of a proceeding under 231, a form of migration of liability from a company belonging to the group can occur both upwards and downwards, i.e. from the subsidiary to the parent company and vice versa.

Although there is no general regulation of groups in the Italian legal system, there are several regulatory indicators, such as control and connection (Article 2359 of the Civil Code) and management and coordination (Article 2497 of the Civil Code) of companies, which confirm that companies organised in the form of a group are a relevant phenomenon.

On the other hand, the phenomenon of groups of companies, also on a transnational basis, has been well known for some time, responding to logic dictated by the market, global competition and managerial and economic efficiency, which increasingly involve forms of function centralisation on the holding company and specialisation of subsidiaries.

Multinational companies, such as the LUCART Group, have evolved into highly specialised organisations, in which the various functions and phases of the production process are allocated in a multiplicity of autonomous legal organisations, which operate in compliance with a unitary strategy defined by the parent company, in a coordinated manner with the individual subsidiaries, but within a national regulatory framework that still recognises only the individual companies as autonomous organisations that as such are subject to obligations and responsibilities in the reference system.

This implies many risks and critical issues in the management of the company that makes the pursuit of the group interest more complicated.

However, the fundamental problem remains that of establishing under what conditions the companies of the group, and in particular the parent company, can be held liable for offences committed within one of the other companies, and what governance and procedural safeguards may be in place to mitigate said risks.

According to the aforementioned 231 Guidelines drawn up by Confindustria, only if the top management of the parent company systematically and continuously interferes in the management of the subsidiary, to the extent of making the legal autonomy of the latter only apparent, could the top management of the holding/parent company qualify as directors of the latter. However, this case would be one known as an “apparent group”.

Otherwise, corporate control or management and coordination activities cannot establish liability on the part of the parent company’s management for the failure to prevent the offence committed in the subsidiary’s business *per se*, because Article 40(2) of the Criminal Code does not apply.

There is no provision obliging the top management parent company to prevent offences in the subsidiary nor are they vested in the power to do so and, in this respect, it should be mentioned that Article 2497 of the Civil Code is intended to protect shareholders and creditors of the company and does not establish a position of guarantee for the directors of the holding company concerning the activities of the subsidiaries.

Accordingly, the holding/parent company may be held liable for an offence committed by the subsidiary if:

- the offence was committed in the immediate and direct interest or advantage of the parent company as well as the subsidiary;
- the natural persons functionally connected to the parent company took part in the commission of the alleged offence by making a causally relevant contribution, proven in a practical and specific manner.

4.1. Case Law References for Corporate Groups

As stated by the Supreme Court of Cassation (cf. Cass., VI Sez. pen. sent. No. 2658 - 2014), the liability of subsidiaries cannot be inferred from the mere existence of the relationship of control or connection within a group of companies. The judge must explicitly identify and give reasons for the existence of the criteria for imputing liability for the offence also to the subsidiaries.

Moreover, the case-law of legitimacy (cf. Cass., VI Sez. pen. sent. No. 52316 - 2016, which endorsed the principle of law developed by the Court in Cass., V Sez. pen., sent. n. 24583 - 2011) clarified that the interest or advantage of the organisation in the commission of the offence must be proven in concrete terms. Holding that a company’s belonging to a group *per se* implies that the choices made, e.g., by the subsidiary pursue an interest that

transcends its own, being rather imputable to the group as a whole or its parent or parent company would be an unacceptable automatism.

For another group company to be held liable for an offence, it is thus necessary that the offence committed in the subsidiary has brought a specific and concrete benefit – either actual or potential and not necessarily of a financial nature – to the parent company or another group company.

4.2. Application of Legislative Decree 231/01 to Multinational Groups

In the case of multinational groups, the scope of application of Decree 231 can be approached from different perspectives.

According to the composition of the Lucart Group, we address the case of the liability of the Italian holding company (in this case, we consider Lucart S.p.A. as the Group's industrial holding company) for offences committed abroad by its subsidiaries.

Indeed, corporate responsibility is not limited to the national territory.

The tendency of the laws of various countries, including Italy, to provide for the applicability of corporate criminal law even beyond their territorial borders, raises sensitive questions of jurisdiction and the possible overlapping of several punishment actions applied by different countries.

Article 4 of Legislative Decree 231/2001 – borrowing from the rules laid down in the criminal code for natural persons – states that: “In those cases contemplated by Article 7, 8, 9 and 10 of the criminal procedure code and subject to the conditions contained therein, organisations having their main place of business within the state are also liable in respect of offences committed abroad, provided that prosecution is not brought by the State in the place where the act is committed. Where the law provides that the guilty party is punishable subject to a request being made by the Minister of Justice, the prosecution is only brought against the organisation if the request is also made against the latter.”

Therefore, for a company to be held liable for the administrative offence resulting from an offence committed abroad, the conditions set out in Articles 7, 8, 9 and 10 of the Criminal Code must be met, i.e. the company must have its head office in Italy, the State of the place where the offence was committed must not be prosecuting the same offence, and, where provided for by law, the procedural condition of a request to proceed against the company by the Minister of Justice or a lawsuit must be in place.

4.3. Best Practices in Corporate Group Compliance

As expressed in the 2017 ASSONIME Guidelines, as well as other reference Best Practices, several tools can help improve the operations of multinational corporate groups, manage risks and ensure a proper allocation of responsibilities should they occur.

In brief, these instruments concern:

- formalising the criteria for exercising management and coordination activities;
- strengthening the professionalism and diversification of administrators;
- analysing risk areas;
- adopting central organisational controls and the coordination of the Audit and Compliance functions;
- adopting guidelines and procedures on specific risk areas.

In general and by way of non-limiting example, the instruments may consist of:

- Strengthening of the holding company's functions and role in the areas of Compliance/Risk Management (with the task of designing and managing the system to oversee compliance and corporate risk management) and Internal Audits (with the task of assessing the adequacy aimed at the proper management of corporate risks, i.e., "assurance function"), through the creation of committees, functions and organisational units adequate in number and skills;
- Issuing general group-level directives on sensitive matters, both general (e.g. Code of Ethics) and specific (Anti-Corruption Policy, Policy for the selection of business associates and due diligence, etc.);
- Formalising the management and coordination process in a clear and detailed manner, also through the use of private law instruments (intra-group agreements, directives, regulations, Articles of Association, etc.). The formalisation, which goes hand in hand with a clearer definition of the decision-making processes, makes it possible to identify decision-making processes more clearly and thus to allocate responsibilities correctly within the multinational group, which operates as a single enterprise with several, often highly specialised companies;
- Formalising group procedures and procedures to exercise the parent company's power of direction and coordination, structured to ensure traceability of decision-making processes; enhancement of group synergies; uniformity of the lines of conduct of group companies; obligation of prior approval/information by the parent company, as appropriate, for given transactions with a significant impact on the group;
- Strengthening the independence of the Directors and the approval of a Code of Conduct approved by the Directors of the parent company relating to Board activities;

- Adopting internal procedures on conflicts of interest and related party transactions;
- Separating roles between the top management of the holding company and those of the subsidiary (to avoid the risk known as “Interlocking directorates”¹).

¹ This occurs when the same individual sits on two or more boards of directors of relevant companies within a single market. To protect fair competition, this is regulated in Italian law for the credit and financial markets at the moment.

5. THE LUCART GROUP

The LUCART Group is a multinational that, with its more than 60 years of history, is today the European leader in tissue, airlaid and MG production and the seventh-largest European manufacturer (in terms of production capacity) of tissue paper for hygienic-sanitary purposes.

Mission

To excel in manufacturing high-quality paper by listening to the needs of the market and nature.

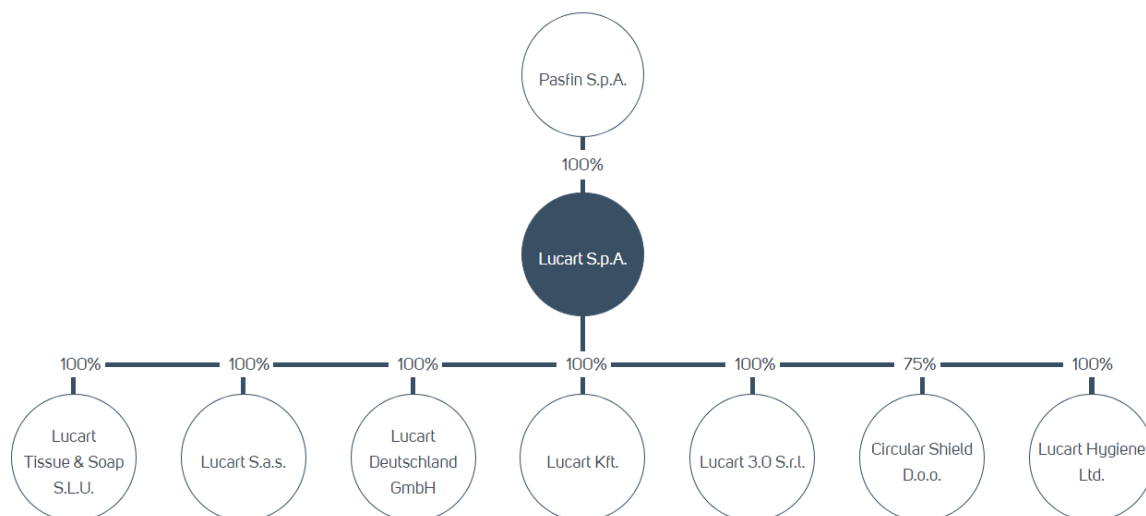
Vision

We aim to adopt development models that respect and safeguard human rights, the regenerative capacities of Planet Earth and the well-being of our communities in a medium-long term perspective.

Values

- **Sustainability** Creating high-quality products, respecting the environmental resources and the future of people. This is sustainability for the Lucart Group. The principle has always driven our business, together with the other fundamental Group values.
- **Quality**. It is not just about product excellence. It is the very culture of our company. The spirit that results in the value of service, transparent relationships, respect for people and the urge to improve.
- **Innovation**. Imagining the future and creating solutions to live it better. This attitude has distinguished us since the beginning and today is expressed in cutting-edge products to address the new market challenges.
- **Profitability**. Satisfying people, consolidating the Group.
We promise to create value for customers, employees and shareholders and strengthen the Group to make sure that today's results will be achieved in the future too.

The Group consists of a company (PASFIN S.p.A.) with HOLDING functions, a company (LUCART S.p.A.) with industrial SUB-HOLDING functions, wholly owned by PASFIN, which in turn holds absolute or relative shareholdings in other companies distributed both in Italy and abroad (see Fig. 1).



- Fig. 1 Legal chart of the Group (majority shareholdings)-

PASFIN S.p.A. prepares the consolidated financial statements for the Group under current law.

As set out in the notes to the financial statements of PASFIN, despite the provisions of Article 2497-sexies of the Civil Code², the subsidiary LUCART S.p.A. is not subject to management and coordination activities by the parent company PASFIN S.p.A., as the latter holds the company's shareholdings but does not intervene in the Group's strategic, decision-making and operational processes.

Concerning the relations between LUCART S.p.A. and the companies it controls or in which it holds an interest, a distinction must be made between "operational subsidiaries" (operating branches that carry out commercial and industrial activities directly integrated into the business model) and the other subsidiaries or associated companies that run their own business.

The following companies belong to the first case:

- LUCART DEUTSCHLAND GMBH-Germany.
- LUCART SAS-France.
- LUCART TISSUE & SOAP S.L.U.-Spain.
- LUCART KFT-Hungary.

² "For the provisions of this Chapter, it is legally assumed (unless proved otherwise) that the direction and coordination of companies is exercised by those companies which are under the obligation to consolidate their financial statements or which control other companies under Article 2359".

- LUCART HYGIENE Ltd-United Kingdom.

These companies, configured as operational subsidiaries of LUCART, perform a production function (through their factories) and a sales function in terminated geographical areas, with the sole exception of LUCART GmbH, which is a single sales subsidiary.

For these companies, LUCART S.p.A. performs management and coordination activities by centralising the functions performed by the first levels of the company in the role of Group Director.

A group organisation chart showing these relationships is present and updated by the HR function.

Subsidiaries that cannot be configured as operating branches fall within the following scope:

- LUCART 3.0 S.r.l., company entirely owned by LUCART S.p.A., created to manage the online sales of finished products.
- Circular Shield d.o.o., a Slovenian company 75% owned by LUCART S.p.A., established in early 2020 to implement circular economy projects through the collection of Tetra-type beverage cartons-Pak® beverage cartons from local communities, their delivery to LUCART plants and their subsequent transformation into LUCART Professional EcoNatural products, which, at the end of the cycle, are purchased by local public authorities to meet their consumption needs.
- Newpal S.p.A., a company 40% owned by LUCART S.p.A., was established for the production of recycled plastic pallets that will start production in 2022.

The considerations made above either do not apply or apply only partially to these companies because they are companies with different missions and business models and with the presence of a corporate partner in the last two cases.

6. THE COMPANY: LUCART S.p.A.

LUCART S.p.A. is the Group's industrial sub-holding company, whose capital is 100% owned by Holding PASFIN S.p.A.

LUCART S.p.A.: data in brief

Lucart S.p.A. - single-person company

Capital Stock € 40,000,000 entirely paid

Tax Code / VAT Reg. No. and Reg. of Companies LU 00145780466 - C.C.I.A.A. Lucca 40701

Registered Office: Via Ciarpi, 77 - I 55016 Porcari (LU)

Year of incorporation of the company: 1953 (Cartiera Lucchese dei F.lli Pasquini)

6.1. Group Compliance Governance

LUCART S.p.A., as the industrial sub-holding of the LUCART Group, exercises guidance and coordination activities in the field of corporate compliance, also concerning the application of Decree 231.

Accordingly, it implements a series of measures, both general and specific, to guard against risks and for the overall strengthening of Group governance.

In particular, LUCART S.p.A. has:

- formalised a group document called “Group Matrix Organisation”, approved by the Board of Directors, in which the organisational principles within the Group are clearly stated;
- adopted a Board of Directors model open to the participation of independent directors (at the date of approval of this Model revision, two independent directors sit on the Board of Directors);
- defined an internal code of self-regulation for the activities of directors (both in Italy and abroad) to safeguard compliance with the principles of ethics and legality of the Group;
- identified the tool of the Committees, to manage the operational activities of Lucart S.p.A. and the implementation of the company’s strategic guidelines as effectively as possible. The following Committees are active, formally identified by the Board of Directors, which defines their composition and main rules of operation, at the date of approval of this revision of the Model:
 - The Strategic Committee is composed of the Board of Directors, CFO and Director of Operations for implementing the inputs discussed and approved by the Board of Directors, as well as monitoring the progress of the Group’s most significant and strategic projects.
 - The Sustainability Programme Steering Committee is chaired by the Chief Executive Officer. Tasks include supporting business processes related to sustainability and the circular economy and aligning them with the strategic objectives of the Group.
 - The Management Committee, chaired by the Managing Director, meets every two weeks and is responsible for coordinating Lucart’s operational activities to achieve maximum effectiveness. In particular, the objectives of the Committee are to report on the performance of the individual company departments that belong to it.
 - The Environment and Safety Committees are responsible for ensuring the implementation of environmental and safety requirements at all the production facilities and workplaces of the Group. The Committee, chaired by the Chief Executive Officer, is attended by the main company and plant management.
- adopted the Code of Ethics applicable to all Group companies, which they will have to adopt individually, making it their own, with possible adaptations also depending on the specific geographical context of application;

- adopted policies on specific subjects as policy instruments and guidelines applicable to all Group companies;
- implemented, as far as possible, a separation between its top management and those of its subsidiaries;
- committed to operating with full transparency in all transactions with related parties, a full account of which is provided in the Annual Report.

6.2. *The Certifications*

At the date of approval of this Model revision, the company LUCART S.p.A. has the following system certifications (the updated list of plants to which the certifications apply can be found on the website www.lucartgroup.com):

ISO 9001	<p>ISO 9001 is a voluntary international standard which defines how an efficient Quality Management System should work.</p> <p>To apply the 231 Organisational Model, this system is relevant concerning the overall governance aspects of the company, including the organisation and procedural system for the management of both operational and support business processes (e.g. human resources management, information system management, etc.).</p>
UNI ISO 45001	<p>The ISO 45001:2018 certificate recognises compliance with the requirements of a workers' occupational health and safety system. In addition to assessing compliance with the system requirements, the reference standard also entails the assessment of legislative compliance.</p> <p>For the application of the 231 Organisational Model, this system is relevant concerning the health and safety at work offences provided for in the Decree.</p>
ISO 14001	<p>ISO 14001 is a voluntary international standard which defines how an efficient Environment Management System should work.</p> <p>For the application of the 231 Organisational Model, this system is relevant concerning the environmental offences provided for in the Decree.</p>
ISO 50001	<p>ISO 50001 is a voluntary international standard which defines how an efficient Energy Management System should work.</p>
EMAS	<p>EMAS (Eco-Management and Audit Scheme) EU eco-management and audit scheme is designed for organisations that are committed to</p>

assessing and improving their environmental efficiency.

For the application of the 231 Organisational Model, this system is relevant concerning the environmental offences provided for in the Decree.

In addition, the LUCART group as a whole has the following certifications (the updated list of companies and plants to which the following certifications apply can be found on the website www.lucartgroup.com):

ISO 22716	ISO 22716 is a voluntary international standard that defines the guidelines for the production, monitoring, storage and shipping of cosmetic products to guarantee consumers high hygiene and safety standards.
PEFC	The PEFC™ (Programme for the Endorsement of Forest Certification) is an international initiative aimed at implementing sustainable forest management at the national and regional levels. It ensures that the raw material comes from sustainably managed forests.
FSC	FSC® (Forest Stewardship Council) certification is an international, independent, third-party certification specific for the forestry sector and forest products. It guarantees the origin of raw materials from suppliers that implement sustainable forest management systems with a certified chain of custody.
EU ECOLABEL	The EU Ecolabel is a European Union marking that distinguishes products and services characterised by a low environmental impact throughout their entire life cycle while guaranteeing high standards of performance.
DER BLAUE ENGEL	It is the German environmental product certification that acknowledges the environmental protection aspects of a product.
OK COMPOST	It is a certification issued by an accredited organisation that guarantees that the material used can be defined as compostable according to Uni-En 13432:2002.
IFS HPC	The IFS HPC (International Featured Standard Household and Personal Care) standard is an international certification scheme aimed at ensuring compliance with specific safety and quality standards for

private label personal and home care products, through certification audits by third-party bodies.

FRANCE
GARANTIE

The Origine France Garantie certification assures consumers of the traceability of a product by providing a clear and objective indication of origin.

CRADLE TO
CRADLE

The Cradle to Cradle certification, issued by The Cradle to Cradle Products Innovation Institute, assesses the safety, circularity and responsibility of materials and products according to five sustainability performance categories.

Although the possession of any certification, including those stated in Article 30(5) of Decree No. 81/2008³ on occupational health and safety, is not in itself sufficient to exonerate the organisation from liability for offences, because it also requires verification of its effective implementation, it is nevertheless true that implementing a system of organisational and preventive measures is a sign of the organisation's inclination towards a culture of compliance with the rules.

This is embodied in the definition of a set of procedures and organisational rules aimed at ensuring that the decision making and implementing process takes place in compliance with the law, in the broadest possible meaning of the term, in full respect of the powers assigned within the organisation and in respect of the interests of the various stakeholders involved.

Consequently, to ensure the overall effectiveness of the organisational model required by Decree 231, LUCART S.p.A. intends to enhance the synergy with the documentation provided by the company management systems applied.

7. CRIME PREVENTION CONTROL SYSTEM

As emphasised by the Confindustria guidelines, the acceptable risk is a key concept in the creation of a preventive control system.

Concerning the preventive control system to be created concerning the risk of commission of the offences covered by Decree 231, the conceptual threshold of acceptability, in cases of offences with intent, is represented by a prevention system that can only be circumvented FRAUDULENTLY.

³ Article 30(5) of Decree 81 states that organisational and management models adopted based on certain systems in compliance with occupational health and safety standards (2001 UNI-INAIL Guidelines or British Standard OH-SAS 18001:2007 or UNI 45001:2018) are presumed to comply with the suitability requirements to exempt the organisation from criminal liability.

As clarified by case law (cf. Cass., VI Sez. pen. sent. No. 4677 - 2014), the fraud alluded to in Decree 231 does not necessarily require actual artifice and deception, which would make it almost impossible to declare the exempting effect of the Model. At the same time, however, fraud cannot consist of the mere breach of the prescriptions contained in the Model. It presupposes that the breach of the Model is caused by circumvention of the “safety measures”, capable of forcing their effectiveness.

The conceptual threshold of acceptability must be modulated differently concerning the offences of culpable homicide and culpable personal injury because, in that case, the acceptable risk threshold is represented by the commission of conduct in breach of the organisational prevention model (and, in the case of health and safety offences, of the underlying mandatory fulfilments prescribed by the prevention regulations), notwithstanding the punctual observance of the supervisory obligations outlined in Decree 231 by the Supervisory Board.

The control system provided for in the 231 Model adopted by LUCART S.p.A. for the prevention of offences consists of:

7.1. *Corporate Code of Ethics*

The Code of Ethics adopted by the LUCART S.p.A. Board of Directors applies to all companies of the group.

The Code of Ethics consists of the following parts:

- **General principles**, i.e. the values deemed fundamental, shared and recognised by the Companies of the Group, in confirmation of its mission, which the various parties involved are required to apply to promote the smooth running, reliability and reputation of the LUCART Group.
- **Criteria of conduct**: these provide the guidelines and standards with which Company personnel are required to comply following the general principles and to prevent the risk of unethical behaviour.
- **Implementation methods**: these describe the system for monitoring compliance with the Code and its continual improvement.

7.2. *Organisational System*

The organisational system involves defining the structure of roles, responsibilities and tasks within the organisation as well as the relationships between them.

In practice, it consists of the definition of:

- a **company organisation chart**, broken down into several levels according to the company hierarchical lines, drawn up and updated at each change by the HR function.

- **job descriptions** describing the responsibilities and activities assigned to the different corporate roles, drafted and updated at each change by the HR function.
- **provisions and organisational notes** that serve the purpose of communicating organisational changes as well as clarifying procedural and organisational specifications.

Concerning offences with intent in the field of health and safety, the organisational system is operationally declined in a series of delegations and authorisations, structured taking into account the complexity of the Company and its territorial location, aimed at ensuring adequate and effective supervision of legislative compliance and related risks.

Consequently, for each production site, the Plant Managers are appointed, under and for Article 16 of Legislative Decree No. 81/2008, as the executive director of the company LUCART S.p.A. conferring on them all the necessary powers of organisation, management and control and designating them as delegates of the employer so that they may implement the entire regulatory system in force concerning the protection of the health and physical integrity of workers in the workplace, fire prevention, as well as that in force concerning environmental protection aimed at preventing environmental pollution in all its forms (e.g., atmospheric emissions, water effluents, waste, noise emissions to the outside, etc.).

The delegation is conferred in such a way as to ensure compliance with the eligibility conditions laid down, i.e:

- the delegation is evidenced by a written document having a given date;
- the delegated person possesses all the requirements of professionalism and experience required by the specific nature of the delegated functions;
- the delegated person has all the powers of organisation, management and control required by the specific nature of the delegated functions;
- the delegated person is granted the autonomy of expenditure necessary to perform the delegated functions;
- the delegation is accepted by the delegated person in writing.

The Legal Chart of the LUCART Group and the functional organisation chart of LUCART S.p.A., are also available on the website www.lucartgroup.com and within the company.

7.3. Information Technology Systems and Procedures

LUCART S.p.A. adopts an information technology system (IT system) appropriate to the organisational and operational structure of the company and the Group as a whole.

The Chief Information Officer is the corporate position that ensures the planning and development of the company's IT system, contributing to the definition of its current and future objectives, and guaranteeing the safeguarding of managed data concerning integrity, preservation and confidentiality.

The principle of role segregation, as far as possible, is also implemented through proper profiling of users of the corporate information system.

The CIO ensures a constant mapping of the company's IT systems as well as the user profiling system, to ensure continuous adherence and consistency concerning the organisational positions held and the activities performed in coordination with the HR function.

7.4. Management and Operational Procedures

LUCART S.p.A. has a management system certified by third parties, implemented in compliance with international standards focusing on quality, the environment, occupational health and safety and energy, as well as in compliance with product regulations and standards (see the complete list in the paragraph 6.2 as well as at www.lucartgroup.com).

The overall set of procedures, both managerial and operational, ensures, together with all the planning and control tools required by the system itself (e.g. Internal Audits, Non-Conformity Management, Management Review), the control of the various corporate processes in compliance with the applicable standards and legislation and coherence with the corporate organisational set-up.

7.5. Authorisation and Power of Signature

The decision-making, authorisation and powers of signature in LUCART S.p.A. are operationally defined using a structured system of delegations and authorisations prepared and updated in compliance with the Articles of Association and the general principles of separations of roles and responsibilities.

Under Article 22 of the Articles of Association, the Chairperson of the Board of Directors is vested with the power of representing the Company. Representation may also be conferred on one or more Managing Directors by the respective appointment, which must provide for the separate or joint exercise of such power and any limitations thereof.

Representation is also vested in the Directors to whom the Board has delegated the corporate signature for specific and individual matters of ordinary or extraordinary administration.

The Board of Directors and each Director entrusted with representation may appoint agents and representatives for given acts or categories of acts within the limits of the conferred powers.

If the appointed person is not a member of the Board, the granting of power to represent the Company is governed by the rules on representation.

Within the Board of Directors, powers are entrusted, through a special resolution, to a Managing Director and/or one or more Board members.

In turn, the Managing Director or the delegated board members may assign delegations and authorisations following the company hierarchical line, to ensure a proper delegation process in compliance with the principle of segregation of roles and responsibilities.

The system for assigning delegations and authorisations within LUCART S.p.A. ensures that the assignment:

- is formalised by the applicable legal provisions;
- indicates the delegated persons, the competencies required of the recipients of the delegation and the powers respectively assigned clearly;
- limits the conferred delegations and powers of expenditure;
- provides solutions aimed at enabling control over the exercise of delegated powers;
- provides the application of penalties in the event of breaches of delegated powers;
- is arranged consistently with the principle of separation;
- is consistent with the contractual classification level attributed to the person;
- is consistent with company regulations and other internal provisions applied by the company.

The Legal Department of LUCART S.p.A. ensures that the conferred delegation and authorisation table is kept up-to-date and ensures their appropriate circulation.

7.6. Communication and Personnel Training

Ongoing staff communication and training is a key element in the effective implementation of the crime risk prevention system at LUCART S.p.A.

The communication and training system ensures that:

- clear channels of communication are defined concerning the internal organisational and procedural set-up, to ensure full knowledge and awareness of the founding elements such as the Code of Ethics, the organisational chart with hierarchical reporting lines, company procedures and certified systems, as well as all the measures adopted for risk prevention, including those relating to information flows;
- all documents about the 231 Organisational Model and related documents, including current company procedures, are known and easily accessible;

- training activities are planned annually that takes into account the needs that have emerged on the subject of ethics, legality, compliance and prevention of the risks of offences provided for in Decree 231, using a training activity that involves, in a graduated manner according to the responsibilities and activities carried out, newly recruited employees and the company's current staff;
- moments of learning verification are foreseen in particular for the professional profiles most exposed to the identified risk areas.

7.7. **Internal Control System**

In the area of offences with intent, the following levels of supervision are outlined in particular:

- a **First control level**, which defines and manages the so-called line controls, inherent in operational processes and related risks;
- a **Second control level**, carried out by company structures that are competent in the field and independent of the 1st level activities, as well as of the area of work being audited. This monitoring oversees the process of managing and controlling the risks associated with the operations of the system, ensuring their consistency with corporate objectives;
- a **Third control level**, carried out by independent functions, which provide assurance, i.e. independent assessments of the design and functioning of the overall Internal Control System, accompanied by improvement plans defined in agreement with the Management.

Paragraph 10 for more details on these control types.

In the area of culpable offences, the control system is implemented through a structured and organised set of monitoring and control activities established by the procedures of the certified company management system, which provides for, *inter alia*:

- conducting risk assessment activities and the consequent adoption of mitigation measures;
- planning and conducting internal audits, carried out by suitably qualified personnel, to assess the correct application of existing procedures and to identify areas for improvement;
- monitoring, measurement and analysis activities in the field of the environment, product quality and safety, and workers' health and safety, in compliance with legal requirements, current authorisations issued by the competent authorities, and any requirements resulting from inspections by the competent control bodies;
- adopting an improvement plan subject to annual monitoring and review structured according to the priorities that emerged during the various control and supervisory activities.

8. STRUCTURE OF THE ORGANISATION

An organisational structure suitable for the preventive purposes of the Decree is characterised, in brief, by the following principles:

- clear and precise determination of tasks, related responsibilities and hierarchical lines;
- attribution of powers of representation to the extent strictly necessary and, in any case, within limits consistent and compatible with the tasks performed by the person to whom they are attributed;
- spending powers granted with expenditure thresholds and/or joint signatures;
- clarity and traceability of decision-making processes and related controls.

The prevention systems and mechanisms with which LUCART S.p.A. is equipped to have been identified and outlined given the situations emerging from analysing the context, assessing the control environment and identifying risks, subjects and potential offences.

8.1. Governance Structure

According to the provisions of the Articles of Association, the following are Bodies of LUCART S.p.A.:

- The Shareholders' Meeting;
- The Board of Directors;
- The Board of Statutory Auditors.

Without prejudice to the regulatory provisions set out in Article 5 of Decree 231/01 and the relevant application practice, the criteria employed by LUCART S.p.A. to identify and identify persons in senior positions can be summarised as follows:

- hierarchical position at the top of the Company (member of the Board of Directors);
- assignment, within the powers of the Board, of the role of Chairman of the Board of Directors, Managing Director, Chief Executive Officer;
- assignment of powers enabling given activities to be carried out, even externally (e.g. signing of contracts, spending powers, relations with public administration), with a margin of decision-making autonomy.

It is thus possible to identify the people in senior positions by making use of the company organisation chart, accessible to all LUCART S.p.A. employees, as well as the granted delegations and authorisations.

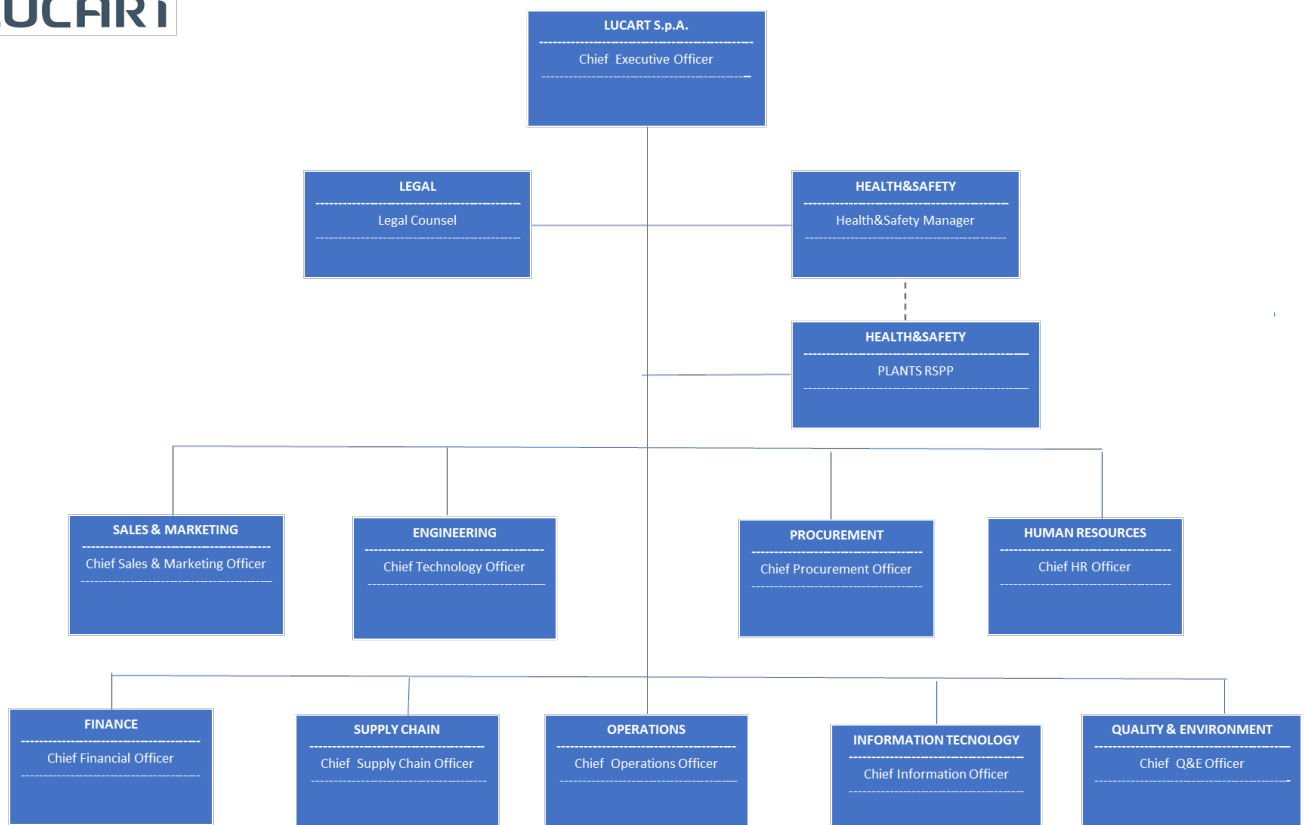
8.2. Definition of Responsibilities, Organisational Units

The Company is administered by a Board of Directors consisting of from three to seven members, as per Article 16 of the Articles of Association.

The Chairman of the Board of Directors and Chief Executive Officer is the legal representative of the Company.

The Company has a structure organised into several hierarchical levels, with subdivision into functional areas headed by a Manager or a Middle Manager.

The organisational structure of the first hierarchical level, as of the date of approval of this version of the 231 Organisational Model, is shown herein and published on the company website with names.



The definition of the roles and responsibilities of each area is laid down through 1st and 2nd level organisation charts and Job Descriptions, documents that are part of the company management system.

9. GENERAL PRINCIPLES OF THE ORGANISATION, MANAGEMENT AND CONTROL MODEL.

The model adopted by LUCART S.p.A. complies with the control principles set out in the Confindustria guidelines, according to which:

- Every operation, transaction and action must be verifiable, documented, coherent and congruous.
- Nobody can manage an entire process on their own.
- Controls must be documented.

More specifically, to ensure compliance with the aforementioned principles, the adopted Model ensures the following:

- proper authorisation for all operations and traceability of the authorisation process (accountability);
- documented operations to ensure that each operation is adequately traced and traceable even later;
- implementing the principle of segregation of duties. Nobody should be able to exclusively manage a process and this is achieved by separating the various phases of proposal, decision, implementation, control and accounting as far as possible;
- the integrity of accounting records in both the processing and, later, archiving phases;
- transparent reasoned and authorised choice of employees and non-employee collaborators (suppliers, consultants, etc.) based on objective and verifiable general requirements (competence, professionalism, experience, good repute);
- compensation to third parties commensurate with the services rendered (market conditions) and objective evidence of the service rendered;
- reward systems for employees that are congruent and based on reasonable targets;
- the utilisation of planned financial resources within quantitatively and qualitatively determined limits (business plan, approved investment plan);
- documented financial expenditures, which must be authorised in advance and unequivocally referable to the issuing and receiving parties and the specific reason;
- performance of controls at different levels to monitor compliance and compliance with internal procedures.

10. STRUCTURE OF CONTROLS

The control structure adopted at LUCART S.p.A. consists of:

First-level controls: these are so-called line controls, of a technical-operational nature, on the correct and regular course of internal processes, carried out by the persons or structures in charge of the activity.

They may be provided for in the company and IT procedures. They can be made explicit in:

- computer checks, reporting of anomalies and errors, and blocking of the procedural flow; they are included in automatic procedural systems that allow immediate verification of processing and data by those who are carrying out the processing;
- direct controls on the supervision of activities and their conduct in line with the corporate purpose. As a rule, they are carried out by the head of a functional area or by the manager concerning the activity carried out by personnel during the activities and can be evidenced through the affixing of signatures/signatures on the documents prepared (in particular for documents committing the company to the outside world) or through other methods, also computerised.

Verification of organisational and procedural measures relating to health and safety and environmental matters are carried out by the persons already defined in the allocation of responsibilities (e.g. the employer's delegates, managers and supervisors and the Health and Safety Service Manager).

Second-level controls: these are checks carried out by units other than the operational units on the regular performance of activities and the proper compliance with procedures and use of delegated powers. These controls are also often governed by special procedures and internal rules and can also be carried out through information systems. These are controls that meet the principle of separation of duties. They include the work performed by controllers in the context of management control activities.

Third-level control: these are aimed at identifying anomalous trends, breaches of procedures and regulations and assessing the functionality of the overall internal control system. Despite being internal, they are carried out by independent organisations.

These controls at LUCART S.p.A. are ensured within their respective fields of competence by:

- 231 Supervisory Board
- Board of Statutory Auditors
- Auditing firms
- (Optional) Internal auditing activities for assessing the adequacy of the internal controls of the organisation aimed at the correct management of corporate risks ("assurance function") carried out, upon a specific mandate of the Board of Directors, by internal or external persons with appropriate qualifications.

These structures support and collaborate with the audit functions of the company's quality, environmental, health and safety management system based on UNI EN ISO 9001, UNI EN ISO 14001, UNI EN ISO 45001 and UNI CEI EN ISO 50001 standards.

11. MAIN LEGISLATIVE REFERENCES

In the performance of their duties, all LUCART S.p.A. personnel shall comply with the legal provisions applicable in the areas of company operations.

The responsibility for keeping track of and updating the legislative references applicable to its processes and procedures lies with the individual function managers.

The main legislative sources applicable to corporations, in force at the date of approval of the Model, are listed below by way of non-exhaustive example:

- Occupational health and safety law (e.g., Legislative Decree No. 81 of 9 April 2008 as amended and integrated);
- Environmental law (e.g., Legislative Decree No. 152 of 3 April 2006 as amended and integrated);
- Law on waste, in particular, Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 as amended and integrated;
- Ministerial Decree 10 March 1998 and subsequent decrees in force on fire prevention;
- Privacy regulations (Reg. EU 2016/679 transposed in Italy by Legislative Decree. No. 101 of 10 August 2018.
- Applicable corporate, civil and criminal law;
- Company and tax legislation (e.g. Civil Code, Income Tax Consolidation Act, Legislative Decree No. 74 of 10 March 2000);
- Current legislation on personnel administration and management (sources of labour law, national collective bargaining agreements, Workers' Statute);
- Consumer Code - Legislative Decree No. 206 of 6 September 2005;
- Customs Code - Regulation (EU) No. 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code;
- Fair competition law - Law No. 287 of 10 October 1990;
- Regulation (EU) No. 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products ("Timber regulation");
- Ministerial Decree No. 188 of 22 September 2020 "End of waste for paper and cardboard";

- Regulation on materials in contact with food:
 - o Regulation (EC) No. 1935/2004 of the European Parliament and of the Council of 27 October 2004 on materials and articles intended to come into contact with food;
 - o Commission Regulation (EC) No. 2023/2006 of 22 December 2006 on good manufacturing practices for materials and articles intended to come into contact with food;
 - o Ministerial Decree of 21 March 1973 Hygienic regulation of packaging, containers, utensils, intended to come into contact with foodstuffs or substances for personal use;
 - o Presidential Decree No. 777 of 23 August 1982 transposing Directive (EEC) No. 76/893 materials and articles intended to come into contact with foodstuffs;
 - o Legislative Decree No. 29 of 10 February 2017 on penalties for infringement of provisions of Regulations (EC) No. 1935/2004, No. 1895/2005, No. 2023/2006, No. 282/2008, No. 450/2009 and No. 10/2011 on materials and articles intended to come into contact with food;
- Regulation (EC) No. 1223/2009 of the European Parliament and of the Council of 30 November 2009 on cosmetic products;
- Regulation (EU) 2017/745 of the European Parliament and of the Council of 5 April 2017 on medical devices;
- Regulation (EU) No. 528/2012 of the European Parliament and of the Council of 22 May 2012 concerning the making available on the market and use of biocidal products;
- Legislative Decree No. 116 of 3 September 2020 Implementing Directive (EU) 2018/851 amending Directive 2008/98/EC on waste and implementing Directive (EU) 2018/852 amending Directive 1994/62/EC on packaging and packaging waste.

12. RISK ANALYSIS ACTIVITIES UNDER LEGISLATIVE DECREE 231/01

A working team was established within the company for revising the Model, entrusted with the task of analysing the context, identifying the company areas most exposed to the penalties provided for in the decree and determining the extent of the relevant risks.

The activity was carried out according to the methodology defined in Annex 1 to the Special Part of the Model itself ("Risk Assessment Method").

13. CORPORATE PROCESSES AND APPLICABLE OFFENCES

As part of the risk assessment activity, the corporate processes were identified and mapped, analysing sensitive activities for the commission of the offences under the Decree.

The corporate processes⁴ are listed below, specifying that further details are contained in Annex 2 to the special part of the Model entitled “Risk Assessment”:

1. Company strategy and control
2. Governance and compliance
3. Product design
4. Marketing and sales management
5. Supply chain management
6. Procurement management
7. Production management
8. Financial management
9. Human resources management
10. ICT management
11. Corporate assets management
12. Quality and environmental management
13. Health and safety system management
14. External communication management

With specific reference to the reality of LUCART S.p.A., only some categories of offences referred to in the Legislative Decree 231/01 could be potentially committed. In particular, risk analysis identified the categories of offences (or individual offences) that are practically given the type of organisation and the performed activities.

The special part of the Model provides a complete indication of the offences that cannot be committed and the respective reasons, as well as the offences that could be committed, with an analysis of the practical manners by which this would be possible.

The Supervisory Board will identify on a case-by-case business the activities that, depending on legislative developments and/or changes in the activities carried out by the Company, should be included in the list of relevant hypotheses, also ensuring that the Board of Directors takes the appropriate measures to adapt the Model.

⁴ Concerning the methodology used to identify corporate processes, the list relates to the category of “Macro Processes”. Each item is followed by a further level of detail corresponding to “Processes”, highlighted in Annex 2 to the special section.

14. RELATIONS BETWEEN THE MODEL AND THE CODE OF ETHICS

The conduct of all personnel ("**Managers and Employees**") and directors, of those who act, also in the role of agents or consultants or any case with powers of representation of the Company ("**Consultants**") as well as of the Company's other contractual associates, such as, for example, "**Partners**" shall comply with the rules of conduct laid down in the Model (hereinafter the "**Rules of Conduct**"), aimed at preventing the occurrence of offences.

The *rules of conduct* contained in this Model are supplemented by those of the Code of Ethics adopted by the Board of Directors of LUCART S.p.A., in its capacity as the Group's industrial sub-holding company, as mentioned in the Introduction (hereinafter the "**Code of Ethics**").

However, it must be pointed out that the Model and the Code of Ethics, although complementary, have a different scopes. In particular:

- the Code of Ethics is an instrument adopted autonomously and susceptible to the general application, and is intended to express general principles that the Company recognises as its own and the criteria of conduct on which it calls for compliance by all Managers, Employees, Corporate Bodies, Consultants and Partners;
- the Model, on the other hand, responds to specific prescriptions contained in the decree, aimed at preventing the commission of particular types of offences, and is designed to enable the Company to take advantage of the exemption provided for in Articles 6 and 7 of the Decree.

The Code of Ethics can be updated on the initiative of the Board of Directors separately and independently of the 231 Model.

15. SUPERVISORY BODY AND REPORTING OBLIGATIONS

15.1. *Composition and Rules*

The task of continuously monitoring the actual operation of and compliance with the Model, as well as proposing updates, is entrusted to a body of the Company vested with autonomy, professionalism and independence in the exercise of its functions.

For the purposes referred to in the previous point, LUCART S.p.A. establishes a "Supervisory Board" (hereinafter also SB) governed by the following provisions:

- the Board of Directors appoints the Supervisory Board, with a reasoned decision in respect of each member, chosen based on the requirements of professionalism, good repute, competence, independence and functional autonomy;
- the resolution appointing the Supervisory Board also determines the remuneration and duration of the appointment;

- to ensure independence and autonomy vis-à-vis the body from which it is appointed, the term of office of the Body is, as a rule, three years and is independent of the term of office of the Board of Directors itself;
- members may be revoked exclusively for just cause. The revoked member is promptly replaced and remains in office until the expiry of the Supervisory Board in force at the time of his or her appointment;
- the Supervisory Board reports directly to the Board of Directors.

In compliance with the requirements above, the Supervisory Board shall be composed of one or more external persons, meeting the requirements of professionalism, good repute and independence and capable of ensuring the necessary continuity of action, and may also be composed of one or more persons belonging to personnel, provided their level in the company is adequate (at least middle management level) and have no decision-making power in the areas and activities identified as sensitive to the commission of offences under the Legislative Decree 231/01.

The Supervisory Board has autonomous powers of initiative and control to enable the effective exercise of the functions provided for by the Model, as well as by subsequent measures or procedures adopted in implementation thereof.

To perform its function with objectivity and independence, the Supervisory Board has autonomous spending powers based on an annual budget, approved by the Board of Directors, upon the proposal of the Board itself.

The Supervisory Board may commit resources exceeding its spending powers in the presence of exceptional and urgent situations, with the obligation to inform the Board of Directors thereof at the meeting immediately following.

The members of the Supervisory Board, as well as the persons whose services are used by the Board, in any capacity whatsoever, are bound by an obligation of confidentiality on all the information of which they have become aware in the performance of their functions or activities.

The Supervisory Board performs its functions by taking care of and fostering rational and efficient cooperation with the Company's existing control bodies and functions.

The Supervisory Board has no powers of management, decision-making, organisational or disciplinary intervention, not even as a substitute, concerning the performance of the Company's activities.

15.2. Causes of Ineligibility and Disqualification

The following are grounds for ineligibility of members of the Board:

- the same circumstances referring to the directors as in Article 2382 of the Civil Code;
- the conviction, even if not final, or the application of the penalty on request ("plea bargaining"), in Italy or abroad, for breaches relevant to the administrative liability of organisations under Legislative Decree No. 231 of 2001;

- a conviction, even if not final, or a “plea bargaining” sentence to a penalty entailing disqualification, even temporary, from public office, or temporary disqualification from the executive offices of legal persons and companies;
- a conviction, even if not final, or a “plea bargaining” sentence for offences which, although not included in the catalogue under Legislative Decree No. 231, are particularly detrimental to the requirement of good repute (e.g. aggravated fraud);
- the conviction of an organisation/Company for which the person performs or has performed the duties of a member of the Supervisory Board under the Decree, even if it has not become irrevocable, or a criminal proceeding concluded using “plea bargaining”, where the documents show “omitted or insufficient supervision” on the part of the Supervisory Board under Article 6(1)(d) of the Decree;
- existence of kinship, marriage or affinity relationships up to the fourth degree with the Board of Directors or other senior persons of the Company;
- conflicts of interest, even potential ones, with the Company that compromises its independence.

Each member of the Supervisory Board shall issue, before the appointment, a declaration of the non-existence of causes of ineligibility, made under Presidential Decree 445/00. The Company reserves the right to verify the truthfulness of the declarations made.

To protect the Supervisory Board from the risk of an unjustified revocation of the mandate conferred on one of its members by the Board of Directors, it is stipulated that the latter may only revoke it for just cause. Revocation for just cause means:

- disqualification or incapacitation or a serious infirmity which renders the member of the Board unfit to perform its supervisory functions;
- the assignment to the member of the body of operational functions and responsibilities that are incompatible with the requirements of autonomy, initiative and control, independence and continuity of action, which are specific to the Supervisory Body;
- a serious breach of the duties of the Body as defined in the model;
- the occurrence of one of the above causes of ineligibility.

If any of the above-mentioned reasons for replacement or addition or ineligibility and/or disqualification should arise against a member, he/she shall immediately inform the Board of Directors and the other members of the Supervisory Board and shall automatically be disqualified from office.

As a precautionary measure, in particular cases, such as, for instance, in the course of judicial proceedings and pending the judgement, the Board of Directors may order – after hearing the opinion of the Board of Statutory Auditors – the suspension of the functions and/or powers of a member of the Supervisory Board and the appointment of an *interim* or revocation of powers.

15.3. Powers and Functions

In pursuit of the purpose of supervising the effective implementation of the model adopted by the Company, the Supervisory Board is vested with the following powers of initiative and control, which it exercises in compliance with the law and the individual rights of the workers and persons concerned. In particular, the tasks of the Board are as follows:

- supervision of the effectiveness of the 231 Model; monitoring of the implementation and updating of the 231 Model;
- examination of the adequacy of the 231 Model, i.e. its effectiveness in preventing unlawful conduct;
- analysis of the maintenance, over time, of the soundness and functionality requirements of the 231 Model;
- promotion of the necessary updating, in a dynamic manner, of the 231 Model;
- approval of the annual programme of supervisory activities within the Company's structures and functions (hereinafter referred to as the "Plan of Activities"), consistent with the principles and contents of the 231 Model and with the plan of checks and controls on the internal control system;
- implementation of the Plan of Activities and the implementation of planned and unplanned control interventions;
- examination of the results of the activities carried out and related reporting;
- drafting of proposals for regulations, directives and procedures for the corporate functions to be submitted for approval by the Board of Directors or other appropriate board;
- taking care of relevant information flows with corporate functions;
- any other task assigned by law or by the 231 Model.

In performing the aforementioned tasks, the Board:

- conducts periodic audits, the frequency of which is determined in consideration of the various business processes and their level of risk;
- has full and unconditional access to all information concerning activities at risk;
- may request information or the production of documents, relevant to the activities at risk, from the Company's managers, as well as from all employees who perform activities at risk or supervise them;
- if necessary, it may request information or the production of documents, relevant to the activities at risk, from the directors, the Board of Statutory Auditors and the auditing firm;

- may request information or the production of documents relevant to the activities at risk from collaborators, consultants and representatives external to the Company and, in general, from all persons required to comply with the Model;
- periodically receives information from those responsible for activities at risk;
- may call in external consultants for issues of particular complexity or requiring specific expertise after informing the Board of Directors;
- submits proposals for the adoption of penalty procedures to the Board of Directors;
- submits the Model for periodic review and proposes that it be updated.

To ensure the effective and efficient performance of its functions, in addition to any general provisions dictated by the Board of Directors, this Board establishes specific operating rules and adopts its internal regulations to guarantee the maximum organisational and action autonomy of the concerned subject.

15.4. Rules of the Supervisory Board

The Supervisory Board exercises its functions and powers in the manner laid down in the rules, prepared by the Supervisory Board itself and unanimously approved by it.

The regulation must ensure continuity and effectiveness of the action of the Supervisory Board. To this end, the rules must at least provide for:

- the management of the documents relating to the activities carried out by the Supervisory Board and how they are filed;
- the procedures for collecting, processing and filing any communications, including anonymous ones, reporting circumstances relevant to the implementation of the Model or the administrative liability of the Company;
- the management of reports received and the exchange of information with other internal control bodies.

Under no circumstances may the regulations be contrary to any of the provisions contained in this document “Organisational Model, General Part”.

15.5. Reporting to the Supervisory Board

Whistleblowing

All the recipients of the provisions of the Model must inform the Supervisory Board, without delay and using specific written communications (the “reports”), of all facts and information relating to events that could, even if only potentially, give rise to the liability of the Company, under Legislative Decree No. 231/2001. The intention is to encourage active cooperation, bringing to light those facts or behaviour that may give rise to the suspicion of being faced

with an unlawful act or in any case not in line with the principles and rules set out in the Model.

The management of reports under the Model takes into account Law No. 179 of 30 November 2017 "*Provisions for the protection of the reporters of crimes or irregularities of which they have become aware in the context of a public or private employment relationship*", which amended Legislative Decree No. 231/01.

Consequently, whistleblowers, whose identity is not disclosed, are protected against all forms of discrimination, penalisation and retaliation.

The use of the Whistleblowing tool is strictly limited to the communication of facts or conduct that:

- are serious or serious for the general interest of the Company;
- were ascertained directly by the reporting party;
- are well-founded and true.

The Company's disciplinary system (Cf. § 16 and 016 of this document) provides for penalties in the event of failure to inform the Supervisory Board, retaliatory or discriminatory acts against the whistleblower, as well as the making of reports with malice or serious misconduct that turn out to be unfounded and fulfilled to cause damage or harm to the reported person or third parties.

The Company adopts appropriate measures to ensure that confidentiality is always guaranteed as to the identity of the person who notified the Supervisory Board, provided that such information is truthful and useful for identifying conduct that does not comply with the provisions of the procedures contemplated by the internal control system, the Model and the procedures established for its implementation.

To this end, an electronic reporting system, through an exclusively dedicated IT platform, developed to meet the strictest security and confidentiality requirements, which is an essential feature of the whistleblowing procedure, has been adopted, as an alternative channel to email. Access and data are managed in strict compliance with the regulatory framework and are certified by the strictest standards of ISO/IEC 27001 (Information Management System) to guarantee processed data integrity and confidentiality.

This platform can be reached via <https://lucartgroup.segnalazioni.net/>.

The received reports are processed by the Supervisory Board, which records, in its minutes, the subsequent activities carried out as well as the outcome of the report.

Information Flows to the Supervisory Board.

The recipients of the provisions of the Model are also required to make available to the Board the information and data (the "information") requested by the latter in the course of its supervisory activities promptly.

To this end, the Supervisory Board, within the scope of its supervisory and control activities concerning the application of the Model, requires specific periodic information flows from the

various corporate areas, to ensure correct information on all situations that may have direct or indirect relevance for the Model itself. The information flows are analysed by the Supervisory Board, which may adopt further forms of assessment through specific audits or request further investigations.

The lists of the information set out below are not to be considered exhaustive, since the Supervisory Board has the right to request further information from the competent corporate functions. This is in consideration of the autonomous power of initiative and control granted to the Supervisory Board by the decree itself:

- amendments to the company's Articles of Association and the delegation and authorisations system of the company;
- significant organisational changes that may entail a change in the risk assessment;
- minutes of the Board of Directors;
- disciplinary proceedings as well as any imposed penalties, or the orders to dismiss 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;
- legal proceedings brought against LUCART S.p.A., one of its directors, employees or managers that may be relevant concerning the application of Legislative Decree 231/2001 and the Model;
- information or news received from the judicial police, or any other authority, relating to the conduct of investigations, even against persons unknown, concerning the offences governed by Legislative Decree 231/2001;
- requests for legal assistance by employees and/or directors if legal proceedings are commenced concerning offences governed by the Legislative Decree 231/2001;
- reports prepared given by the managers of other company departments in connection with activities, which may reveal facts, events or omissions with critical significance in terms of compliance with the Model;
- significant findings made by the Board of Statutory Auditors and/or the auditing firm following the verification and auditing activities carried out thereby;
- the outcome of inspections by supervisory authorities in the administrative/fiscal, health and safety at work, environmental and any other area from which a form of administrative liability of the organisation may derive;
- critical incidents and events in the fields of health and safety, environment, information technology and processing of personal data from which a form of administrative liability of the organisation may arise.

15.6. Information from the Supervisory Board to the Board of Directors

The Supervisory Board draws up an annual report on its activities and submits it to the Board of Directors and, for information, to the Board of Auditors. The Board may in any case report to the Board of Directors and propose amendments and/or additions to the Organisational Model whenever it deems it necessary.

The periodic reports prepared by the Supervisory Board are also drawn up to allow the Board of Directors to make any necessary evaluations to update the Model, and must at least contain, carry out or indicate:

- any problems that have arisen concerning how the procedures provided for in the model or adopted in implementation or the light of the Model and the Code of Ethics have been implemented;
- reports received from internal and external parties concerning the Model;
- disciplinary procedures and any penalty applied by the Company, with exclusive reference to risk activities;
- an overall assessment of the functioning of the Model with possible indications for additions, corrections or modifications.

16. DISCIPLINARY SYSTEM

One of the essential elements for the construction, implementation and maintenance of an effective Organisation and Management and Control Model, under Article 6 of Legislative Decree No. 231/01, is the existence of an adequate disciplinary system capable of penalising non-compliance with the measures indicated in the Model.

Therefore, the definition of an adequate system of the penalty constitutes an essential prerequisite for the exemption value of the Organisation, Management and Control Model under Legislative Decree No. 231/2001 with respect to the administrative liability of organisations.

Given the seriousness of the consequences for the Company in the event of unlawful conduct on the part of employees, managers, directors and corporate bodies, any failure to comply with the Model constitutes a breach of the duties of diligence and loyalty and, in the most serious cases, damages the relationship of trust established with the Company.

Breaches of the Organisational Model and the Code of Ethics shall be subject to disciplinary measures, regardless of any criminal liability and the outcome of the respective judgement. These rules supplement and do not replace the provisions of the law and the clauses of collective bargaining on the subject of disciplinary measures.

The existence of a disciplinary system for employees, i.e. persons subject to the direction or supervision of one or more senior persons, is inherent in the employment relationship, as provided for by civil law. In particular, lawmakers have explicitly placed on the employee a duty of due diligence and loyalty in the performance of his duties, as well as the possibility for the employer to resort to the application of disciplinary measures in the event of conduct inconsistent with these obligations.

Naturally, the penalties must be commensurate with the seriousness of the infringement committed and must comply with the provisions of the Workers' Statute and the applicable national collective bargaining agreement (Paper and Paper Products National Collective Bargaining Agreement for employees and national collective bargaining agreement for industry managers).

Accordingly, the following parties are subject to the Disciplinary System:

- the members of the administrative board;
- employees of any kind (managerial and non-managerial).

Collaborators, agents, consultants, suppliers, or any other subject that establishes a contractual relationship with the company, under the respective clauses in their contracts/assignments, are also subject to these rules.

16.1. Criteria for Assessing a Breach

The type and amount of each of the following penalties vary concerning each other:

- the intentionality of the conduct or the degree of negligence, recklessness or inexperience with regard also to the predictability of the event;
- the overall conduct of the employee with particular regard to the existence or otherwise of disciplinary precedents of the same, to the extent permitted by law;
- the worker's duties;
- the functional position of the persons involved in the facts constituting the fault;
- any circumstances accompanying the disciplinary offence.

This is without prejudice to the Company's prerogative to claim compensation for damages resulting from an employee's breach of the Model.

As regards the ascertainment of offences, disciplinary proceedings and the imposition of penalties, the powers already conferred, within the limits of their respective delegated powers and competencies, on the people in senior positions of the Company remain valid.

16.2. Breach of the Model

LUCART S.p.A. shall disseminate the Model among employees, using the most appropriate tools, and shall adequately inform and train them on its contents.

According to the principle of peremptory nature and to make the prohibited conduct immediately intelligible, the main disciplinary offences are specified below:

- a) breach of the inspiring principles and behavioural criteria laid down in the Code of Ethics and/or breach of the prohibitions and obligations specifically indicated in the Code of Ethics;
- b) failure to cooperate with the Supervisory Board, through omission or other conduct likely to impede or even hinder its control, assessment and verification functions;
- c) failure or inadequate supervision by hierarchical superiors of compliance with the provisions and procedures laid down in the Code of Ethics and/or the Model by employees;
- d) the commission, including attempted commission, of offences that may give rise to the liability of the organisation under the Decree;
- e) implementation of actions or conduct that do not comply with the prescriptions of the Model, procedures and operational protocols, or the omission of actions or conduct prescribed by the Model in the performance of sensitive or instrumental activities:
 - expose the organisation to an objective risk of one of the offences being committed under Legislative Decree 231/2001 and subsequent supplements; and/or
 - are unequivocally directed to the commission of one or more offences under Legislative Decree 231/2001 and subsequent supplements; and/or

- are such as to lead to the application against the organisation of penalties under Legislative Decree 231/2001 and subsequent supplements;
- f) non-participation, due to unjustified absence, in the training programmes set up by the organisation in connection with the subject matter,
- g) failure to inform the Supervisory Board, as well as the Board of Directors, of any situation giving rise to the risk of an offence being committed during the performance of activities;
- h) retaliatory or discriminatory acts against the person who reports unlawful conduct or breaches of the Organisational Model (“Whistleblower”) to the Supervisory Board;
- i) making reports to the Supervisory Board with malice or gross negligence, which prove to be unfounded and which are not based on precise and concordant facts;
- j) the making of manifestly opportunistic reports and/or reports made for the sole purpose of causing damage or harm to the reported person or other persons, as well as any other hypothesis of improper use or exploitation of the Whistleblowing tool.

16.3. Application Procedures

Upon notification of a breach of the Model, the disciplinary procedure established by the applicable national collective bargaining agreements is initiated. Therefore:

- all reports of breaches of the Model will start the investigation of the report received and the possible dispute;
- if following the procedure, a breach of the Model is ascertained, the disciplinary penalty provided for in the applicable national collective bargaining agreements and the manner provided for therein shall be imposed.

The imposed disciplinary measure is communicated to the Supervisory Board.

The Supervisory Board and the persons entitled to do so (Chief Executive Officer, Chief Human Resource Officer), monitor the application of disciplinary measures and verify compliance with all legal and contractual requirements relating to the imposition of disciplinary measures.

The provisions of § 17.5 shall apply in the event of a report of a breach concerning a person external to the Company (e.g. consultant, collaborator, supplier).

17. SYSTEM OF PENALTIES

17.1. Penalties for Employees

To all employees classified as blue-collar, white-collar or middle management, the following penalties apply, in compliance with the rights enshrined in the Workers' Statute and following the penalties set out in the respective national collective bargaining agreements:

- verbal reprimand;
- written reprimand;
- a fine not exceeding the amount of three hours' pay;
- suspension from work and pay for a maximum period of three days;
- disciplinary dismissal with notice;
- disciplinary dismissal without notice.

In particular:

- a) Verbal or written reprimand for minor faults, in the case of a first fault.

The penalty of a reprimand inflicted verbally or in writing shall be applied if the worker, in the case of a first fault, adopts conduct not compliant with the principles and rules of conduct laid down in the Code of Ethics, concerning activities that do not *per se* fall within the sensitive areas, identified as relevant in the analysis of the risk of offence carried out under Legislative Decree No. 231/01.

- b) Fine not exceeding the amount of three hours' normal pay. The penalty of a fine not exceeding the amount of three hours' normal pay shall be applied in the event of a repeat offence in offences already punished with a reprimand, or in cases where the worker:

- fails to perform with due diligence the tasks and duties provided for in the procedures governing the activity in sensitive areas, as identified in the Model;
- breaches the rules of conduct laid down in the Code of Ethics concerning activities falling *per se* within the sensitive areas, identified as relevant in the risk/offence analysis carried out under Legislative Decree No. 231/01;
- in breach of the duty of diligence, fails to inform the Supervisory Board of any management anomalies or conduct of others that may give rise to risks/criminal offences within the meaning of Legislative Decree No. 231/01;
- breaches the rules and main obligations laid down in Article 20 of Decree 81 of 2008 on occupational health and safety.

- c) Suspension from pay and service for up to three days. The penalty of suspension from pay and service for a maximum of three days will be applied to the employee in the event of recurrence, in the calendar year, of the conduct penalised by the fine.

- d) Disciplinary dismissal with notice. The measure of dismissal with notice will be applied in the case of major breaches which are not so serious as to make the penalty of dismissal without notice applicable. The measure may be applied in cases of

recurrence of the same offence that has already led to one suspension in the previous six months or to two suspensions in the previous 24 months.

- e) Disciplinary dismissal without notice and with the other consequences of reason and law.

Under the provisions of the law and the collective agreement, and in particular, in compliance with the procedural rules for the protection of workers, the penalty of dismissal without notice and with the other consequences of reason and law shall be applied if the employee:

- when carrying out an activity in one of the areas at risk and violating the duties laid down by the internal rules and procedures, adopts conduct that does not comply with the prescriptions of the Model, including the Code of Ethics, thereby unequivocally committing one of the offences for which the applicability of the Legislative Decree 231/01 against the organisation such as to break the relationship of trust with the employer;
- when carrying out an activity in one of the areas at risk and violating the duties laid down by the internal rules and procedures, adopts conduct that does not comply with the prescriptions of the Model, including the Code of Ethics, thereby unequivocally committing one of the offences for which the applicability of Legislative Decree 231/01 with regards to the organisation;
- when carrying out an activity in one of the areas at risk and breaching the duties laid down by the internal rules and procedures, adopts conduct that does not comply with the prescriptions of the Model, including the Code of Ethics, such to determine the practical application of the measured under Legislative Decree 231/01, also on a precautionary basis, with regards to the company.

17.2. Penalties for Managers

Failure to comply with the provisions of the Organisational Model by Managers, depending on the seriousness of the breaches and taking into account the particular fiduciary nature of the employment relationship, may justify the adoption of penalties of a disciplinary nature.

Disciplinary measures are imposed, following the procedural and substantive rules in force, not only in the same cases as those applicable to employees, but also in the following cases:

- failure to supervise, control and monitor, in their capacity as “hierarchical manager”, compliance with the procedures and prescriptions of the Model by their subordinates to verify their actions in the areas at risk of offences;
- failure to report or tolerance of irregularities committed by one’s subordinates or other personnel concerning compliance with the procedures and prescriptions of the Model;
- non-compliance with internal procedures for making and implementing management decisions;
- non-compliance with the provisions on signature powers and the granted delegation and authorisation system.

The relationship with the company may be terminated, according to the provisions of the law, of a Manager who breaches the provisions of the Model by engaging in conduct, whether commission or omission, which, assessed as a whole based on the principles of proportionality and reasonableness, would have entailed, for other categories of employees, dismissal or, in any case, prevents with intent, in the area of their competence, the application of the measures provided for by the Model, the necessary relationship of trust being lost.

The assessment and decision on the penalties applicable to managers, as well as the recording of any breaches, is the responsibility of the Board of Directors.

Where the manager holds power to represent the Company externally, the imposition of the disciplinary measure shall also entail the automatic revocation of the delegation.

17.3. Penalties for Directors

LUCART S.p.A. regards as extremely serious any breaches of the Model by individuals who hold administrative and representative roles within the Company, and who, for this reason, are more capable of orienting the corporate ethics and actions of those working in the organisation to the values of fairness, legality and transparency.

The Supervisory Board, duly informed following the ascertainment of a breach of the procedures of the 231 Organisational Model by a Director, shall formally notify the Board of Directors and the Board of Auditors, to take the appropriate resolutions, which may concern the application of penalties such as the suspension of remuneration or the revocation of the tasks conferred by the Board.

The Board of Directors may request that a shareholders' meeting be convened for breaches deemed serious and particularly detrimental to the company's reputation. Likewise, if the Board of Directors fails to take action or in the event of irregularities committed by several directors, the Supervisory Board may send a report directly to the individual shareholders and/or the Board of Statutory Auditors, to convene the shareholders' meeting.

At that meeting, the shareholders will be notified of the breach alleged against the Director, so that they can take action under Articles 2393 and 2393bis of the Civil Code with a liability action against the director.

At the same time, the opening of the disciplinary procedure will be recorded to notify, if an appropriate policy is taken out, the insurance company that covers the risks under Legislative Decree No. 231/2001.

17.4. Disciplinary Measures for Members of the Board of Auditors

If one or more members of the Board of Statutory Auditors commit the breach, the Board of Directors and the Board of Statutory Auditors as a whole shall be notified immediately using a written report.

The recipients of the information may, following the provisions of the Articles of Association and/or the provisions of the Civil Code, take the appropriate measures, including, for example, convening the Shareholders' Meeting, in order to adopt the most appropriate measures provided for by law.

The Board of Directors shall propose the adoption of the appropriate measures to the Assembly in the event of breaches constituting just cause for revocation.

17.5. Measures for Consultants, Collaborators and Suppliers

Breaches by consultants and external collaborators, howsoever called, or other persons having contractual relations with the organisation, of the provisions and procedures laid down in the Model or in the Code of Ethics and applicable to them, or the possible commission, in the context of relations with the organisation, of the offences under Legislative Decree No. 231/2001, will be penalised according to provisions of the specific contractual clauses included in the respective contracts.

Consequently, at the time of entering into contracts for the supply, procurement of goods and/or services, consultancy, agency, distribution or commercial representation, etc., special clauses will be drafted, whereby the third party - in relations with the organisation - undertakes to comply with the principles and operating practices defined in the Model and to adopt, to the extent of its competence, company procedures and/or to behave in such a manner to prevent the commission of the offences under the Decree.

Non-fulfilment of these obligations, constituting a serious and essential breach, shall entitle the organisation to suspend the performance of the contract, as well as to withdraw unilaterally from it or to consider it terminated in any event, without prejudice to the third party's duty to provide compensation for damages.

18. INFORMATION AND TRAINING ON THE ORGANISATIONAL MODEL

The Organisational Model and the documents that are part of it respond to specific prescriptions contained in the Decree and are aimed at preventing the commission of particular types of offences that generate administrative liability for the Company in addition to the criminal liability of the active subjects.

For the Model, in particular, a special information and training activity is envisaged, graded differently according to the level of responsibility and the role played by personnel, aimed at familiarising LUCART S.p.A. personnel with the contents of the decree and its impact:

- Basic information to all personnel (new employees and following each Model update) with the delivery of the Code of Ethics and an extract of the 231 Organisational Model and/or conducting a basic online course on the contents of the 231 Model;
- Basic training for personnel holding positions of responsibility within the organisation, both in the case of new hires and periodically on ethical principles, the contents of the Company Code of Ethics and the Organisational Model adopted by the company;
- Specific training in particular risk areas with a focus on the types of offences and the preventive measures adopted by the Company.

Participation in the training initiatives planned by the Company on the subject of the 231 Model is to be considered compulsory for all target personnel.

The methods of communication and information are set up by the Company and are part of special professional development programmes.

Information and Communications

The adoption and updates of the Organisational Model are communicated to all personnel in the Company following approval. The communication (also depending on the type of worker) may take place by sending a specific e-mail, preparing an *ad-hoc* internal communication, or by publication on the company Intranet.

New employees are given the Code of Ethics when they sign their contract of employment, in addition to a 231 Model information sheet containing instructions on how to view the documentation and a signed acknowledgement of receipt and commitment to comply with its provisions.

A similar procedure applies to employment relationships with interns/other forms of collaborators.

Training

The training activity aimed at disseminating knowledge of the Decree, the Model and the rules of conduct is differentiated, in terms of content and delivery methods, according to the qualification of the recipients, the risk level of the area in which they operate, and whether or not they have functions of representation of the Company.

It can take place through various more or less interactive training methodologies (workshops, face-to-face training sessions, e-learning courses in synchronous or asynchronous mode).

Update training sessions will be held in the event of significant changes to the Model or the Code of Ethics, where the Supervisory Board does not deem it sufficient, due to the complexity of the issue, to simply disseminate the change in the manner described above.

19. UPDATING THE MODEL

Amendments and changes to this Model are adopted by the Board of Directors, either directly or at the proposal of the Supervisory Board.

The Model must also be promptly amended when significant changes occur in the regulatory system and the corporate structure, such as to entail the need to vary the provisions of the Model itself, to maintain its efficiency.

The Model shall also be amended when significant breaches or circumventions of the prescriptions are identified, which highlight the inadequacy of the organisation, management and control model adopted to guarantee the effective prevention of risks.

The heads of the corporate functions, each within the scope of their competencies, are required to periodically verify the effectiveness and efficacy of the procedures aimed at preventing the commission of offences and, if they find the need to amend and update them, they submit, in agreement with the administrative body, a documented report to the Supervisory Board, which takes action accordingly.

The Annexes, which form an integral part of the Model, may be amended, due to organisational dynamics, by the competent corporate function even without amending the Model, after hearing the opinion of the Supervisory Board.

The changes made must be communicated to all resources in the company using the information or paper media that the Board of Directors deems appropriate and efficient from time to time.

Annexes

Annex 1 - List of offences under Legislative Decree 231/01