Text approved by resolution of the Board of Directors dated 9 November 2017 and most recently updated on 17 March 2023

Organisation, Management and Control Model of Snai Rete Italia S.r.l. for the purposes of L. Decree 231/01

CONTENTS

DEFINITIONS

The words and expressions marked in this document with an initial capital letter have the meaning specified below:

"Risk Areas":	the Areas of activity and company processes at risk, direct or instrumental, for the commission of crimes;
"Management Audits":	the system of proxies, procedures and internal controls whose purpose is to guarantee adequate transparency and knowledge of the decision-making processes, as well as the behaviors that must be observed by the Top Managers and Subordinates, operating in the corporate areas;
"Recipients":	Corporate Bodies, the Independent Auditors, Personnel - Top Managers and Subordinates - and Third Parties;
"L. Decree 231/01" or "Decree":	L. Decree 8 June 2001, no. 231;
"Document":	this document;
"Guidelines":	the guidelines, approved by Confindustria on 7 March 2002 and most recently updated in June 2021, for the creation of the Organisation, Management and Control models *in compliance with* L. Decree no. 231/01;
"Model":	this Document, including the Special Parts (A, B, C, D, E, F, G, H, I), the Penalty System, the Code of Ethics of the Snaitech Group and Management Audits. As a consequence, the term Model must mean not only this Document, but also all other related documents;
"Policy"	Documents that define the duties and responsibilities of SNAITECH S.p.A. and of the other Group companies in pursuing a company policy oriented towards lawfulness and fairness (e.g.: Anti-

	Corruption Policy, Responsible and Safe Gaming Policy).
"Supervisory Body" or "SB":	the Body appointed pursuant to article 6 of L. Decree 231/01 and having the tasks indicated therein;
"Crimes against Public Administration":	the crimes *pursuant to* articles 24 and 25 of L. Decree 231/01, listed in this Document;
"Cybercrimes":	the crimes *pursuant to* article 24-*bis* of L. Decree 231/01, listed in this Document;
"Organised crime offences":	the crimes *pursuant to* article 24-*ter* of L. Decree 231/01, listed in this Document;
"Crimes relating to forgery of money, legal tenders, revenue stamps and instruments or identification marks":	the crimes *pursuant to* article 25-*bis* of L. Decree 231/01, listed in this Document;
"Crimes against industry and commerce":	the crimes *pursuant to* article 25-*bis*-*1* of L. Decree 231/01, listed in this Document;
"Corporate Crimes":	the crimes *pursuant to* article 25-*ter* of L. Decree 231/01, listed in this Document;
"Crimes against the individual":	the crimes *pursuant to* article 25-*quinquies* of L. Decree 231/01, listed in this Document;
"Crimes against Occupational Health and Safety":	the crimes *pursuant to* article 25-*septies* of L. Decree 231/01, listed in this Document;
"Crimes of receiving, laundering and using money, goods or utilities of illicit origin, as well as self-laundering":	the crimes *pursuant to* article 25-*octies* of L. Decree 231/01, listed in this Document;
"Crimes relating to payment instruments other than cash":	the crimes *pursuant to* article 25-*octies*.1 of L. Decree 231/01;
"Copyright Infringement":	the crimes *pursuant to* article 25-*novies* of L. Decree 231/01, listed in this Document;

"Crime of incitement to not testify or to bear false testimony to the judicial authority":	the crime *pursuant to* article 25-*decies* of L. Decree 231/01, listed in this Document;
"Environmental Crimes":	the crimes *pursuant to* article 25-*undecies* of L. Decree 231/01, listed in this Document;
"Crime of employment of third-country nationals who are illegally staying":	the crime *pursuant to* article 25-*duodecies* of L. Decree 231/01, listed in this document;
"Racist and xenophobic hate crimes":	the crimes *pursuant to* article 25-*terdecies* of L. Decree 231/01;
"Fraud in sporting competitions, illegal gaming or betting and games of chance performed using prohibited devices":	the crimes *pursuant to* article 24-*quaterdecies* of L. Decree no. 231/01;
"Tax crimes":	the crimes *pursuant to* article 25-*quinquiedecies* of L. Decree 231/01;
"Contraband":	the crimes *pursuant to* article 25-*sexiesdecies* of L. Decree 231/01;
"Crimes against cultural heritage":	the crimes *pursuant to* article 25-*septiesdecies* of L. Decree 231/01;
"Laundering of cultural heritage and devastation and looting of cultural and landscape heritage":	the crimes pursuant to article 25-*duodevicies* of L. Decree 231/01;
"Code of Ethics of the SNAITECH Group":	The Code of Ethics containing the fundamental principles of the Snaitech Group which inspire Snai Rete Italia and which it intends to standardise its activity by adhering to the fundamental values of fairness and transparency which inspire the activity of the entire Group;
"Document Archive":	the document archive, accessible to Top Managers and Subordinates, containing the documents connected to this Document;
"Company":	Snai Rete Italia S.r.l.;

"Penalty System":	the disciplinary system and the related sanctioning mechanism to be applied in case of violation of the Model;
"Top Managers":	in compliance with article 5 of L. Decree 231/01, persons who hold representation, administration or management functions of the institution or of one of its organisational units with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the same;
"Subordinates":	in compliance with article 5 of L. Decree 231/01, and on the basis of the prevailing doctrinal orientation, employees and non-employees, subject to the management or supervision of the Top Managers;
"Third parties"	all external subjects: consultants, suppliers, partners (where present) as well as all those who, although external to the Company, work, directly or indirectly, for Snai Rete Italia S.r.l.

1 THE ADMINISTRATIVE LIABILITY OF INSTITUTIONS

1.1. The legal regime of administrative liability of legal persons, companies and associations

L. Decree of 8 June 2001, no. 231 (hereinafter also "L. Decree 231/01" or "Decree"), concerning the "*Discipline of the administrative liability of legal persons, companies and associations even without legal personality*" introduced the liability of institutions into the Italian legal system.

This Decree adapted the Italian legislation on the liability of legal persons to some international conventions previously undersigned by Italy, such as the Brussels Conventions of 26 July 1995 and 26 May 1997 on the protection of the financial interests of the European Union and on the to the bribery of public officials of both the European Union and the Member States, as well as the OECD Convention of 17 December 1997 on the fight against bribery of foreign public officials in economic and international transactions.

Therefore, L. Decree no. 231/2001 fits into a context of implementation of international obligations and - aligning itself with the regulatory systems of many European countries - establishes the responsibility of the *societas*, considered as an autonomous centre of interests and juridical relationships, a point of reference for precepts of various nature, and matrix for decisions and activities of the subjects who operate in the name, on behalf or in any case in the interest of the institution.

The establishment of the administrative liability of companies arises from the empirical consideration that, frequently, the unlawful conduct within the company, far from being the result of a private initiative by the individual, rather falls within the scope of a widespread *company policy* and results from decisions made by Top Managers of the institution itself.

The provisions of the Decree apply, by express provision of article 1 of the same, to the following "subjects" (hereinafter the "Institutions"):

- *institutions with legal personality;*
- *companies and associations, also without legal status.*

With reference to the nature of the administrative liability of Institutions in compliance with the Decree, the explanatory report to the Decree underlined that it is a "*tertium genus that combines the essential features of the criminal and administrative systems in an attempt to reconcile the reasons for the preventive efficacy with those, even more unavoidable, of the maximum guarantee*".

Such legislation is the result of a legislative technique which, by borrowing the principles of the criminal offence and administrative offence, has introduced into our legal system a punishment system for corporate offences, which is added to and integrated with the existing sanctioning systems.

The Institution's administrative liability is independent of that of the natural person who commits the offence: in fact, the Institution is not deemed exempt from liability even if the perpetrator of the crime has not been identified or is not chargeable, or if the offence expires for reasons other than amnesty (article 8 of the Decree).

In any case, the Institution's liability adds to and does not replace that of the natural person who committed the offence.

As for the subjects, the Legislator, in art. 5 of L. Decree no. 231/2001, provides for the institution's liability if the offence is committed by:

- *the "**Top Managers**";*
- *the **Subordinates**".*

Liability may arise pursuant to L. Decree no. 231/2001 against the Company not only for crimes committed by Top Managers and Subordinates, but also by Third Parties.

For the purposes of stating the institution's liability, in addition to the existence of the aforementioned requirements that allow the crime to be objectively linked to the institution, the Legislator also requires that the institution's guilt is ascertained. This subjective requirement is identified with an *organisational fault*, understood as a violation of adequate rules of diligence self-imposed by the institution itself and aimed at preventing the specific risk deriving from a crime.

1.2. The criteria for attributing liability to the Institution and exemptions from liability

If one of the predicate offences (illustrated in paragraph 1.3 below) is committed, the Institution is liable only if certain conditions occur, defined as criteria for attributing the offence to the Institution and which are divided into "***objective***" and "***subjective***".

The **first objective condition** is that the predicate offence has been committed by a person linked to the Institution by a qualified relationship. Article 5 of the Decree, in fact, indicates which perpetrators of the crime:

- ***subjects who hold representation, administration or management functions of the Institution or of one of its organisational units with financial and functional autonomy or subjects who de facto exercise the management and control of the Institution*** (Top Managers)*;*
- ***subjects under the management or supervision of Top Managers*** (Subordinates).

The **second objective condition** is that the unlawful conduct was carried out by the aforementioned subjects "*in the interest or to the advantage of the company*" (article 5, paragraph 1 of the Decree):

- the "***interest***" subsists when the perpetrator of the crime acted with the intention of favouring the Institution, regardless of the fact that this objective was subsequently achieved;
- the "***advantage***" subsists when the Institution has obtained, or could have obtained, a positive result from the crime, not necessarily of an economic nature.

By express will of the Legislator, the Institution is not liable in the event that the Top Managers or Subordinates have acted "*in their own exclusive interest or that of third parties*" (article 5, paragraph 2 of the Decree).

The criterion of "*interest or advantage*", consistent with the direction of the will of intentional crimes, is in itself not compatible with the unintentional structure of the predicate offences envisaged by article 25-*septies* of the Decree (manslaughter and injuries through negligence).

In the latter cases, the unintentional component (which implies the lack of will) would lead to the exclusion of the possibility of configuring the predicate offence in the interest of the Institution.

However, the most accredited interpretative thesis considers the circumstance that non-compliance with the accident-prevention legislation constitutes an objective advantage for the Institution (at least in terms of lower costs deriving from the aforementioned non-compliance) as a criterion for the attribution of unintentional crimes. It is therefore clear that non-compliance with the accident prevention regulations is advantageous for the Institution.

As regards the **subjective criteria** for attributing the crime to the Institution, they establish the conditions on the basis of which the crime is "attributable" to the Institution: to aboid the offence being attributed to it from a subjective point of view, the Institution must demonstrate that they have done everything in their power to organise themselves, manage themselves and check that one of the predicate offences listed in the Decree cannot be committed in the exercise of the business activity.

For this reason, the Decree provides that the Institution's liability can be excluded if, before the commission of the act:

- Organisation and Management Models suitable for preventing the commission of crimes are prepared and implemented;
- a control body (Supervisory Body) is established, with powers of autonomous initiative with the task of supervising the functioning of the organisation models.

In the event of crimes committed by Top Managers, the Legislator has established a presumption of guilt for the Institution, in consideration of the fact that the Top Managers express, represent and implement the management policy of the Institution itself: the Institution's liability is excluded only if the latter demonstrates that the crime was committed by fraudulently circumventing the existing Organisation, Management and Control Model (hereinafter the "Model") and that there was insufficient control by the Supervisory Body (hereinafter also "SB"), specifically responsible for supervising the correct functioning and effective compliance with the Model itself (article 6 of the Decree) [1]. In case of these hypotheses, therefore, the Decree requires proof of extraneousness to the facts, since the Institution must prove a malicious deception of the Model by the Top Managers.

In the case of an offence committed by a Subordinate, on the other hand, the Institution will be liable only if the commission of the offence was made possible by failure to comply with the management and supervisory obligations: in this case, the exclusion of the Institution's liability is subordinated, essentially, to the adoption of appropriate behavioural protocols, for the type of organisation and activity carried out, to ensure that the activity is carried out in compliance with the law and to promptly discover and eliminate risk situations (article 7, paragraph 1 of the Decree)[2]. In this case, it is a matter of a real "*organisational fault*", since the Institution has indirectly consented to the commission of the crime, not adequately supervising the activities and the subjects at risk of committing a predicate crime.

[1] Pursuant to article 6, paragraph 1, L. Decree 231/01, "*if the offence was committed by the persons indicated in article 5, paragraph 1, letter a)* [the Top Managers], *the institution is not liable if it proves that: a) the Management Body has adopted and effectively implemented, before the offence was committed, organisational and management models suitable for preventing crimes of the type that occurred; b) the task of supervising the functioning and observance of the models and their updating has been entrusted to a body of the institution with independent powers of initiative and control; c) the persons committed the crime by fraudulently eluding the organisation and management models; d) there was no omitted or insufficient supervision by the body referred to in letter b)*".

[2] Pursuant to article 7, paragraph 1, L. Decree 231/01, "*In the case envisaged by article 5, paragraph 1, letter b)* [Subordinates], *the institution is liable if the commission of the offence was made possible by failure to comply with management and supervisory obligations*".

1.3. Offences and crimes that determine administrative liability

Originally envisaged for Crimes against Public Administration or against the assets of the Public Administration, the Institution's liability has been extended - as a result of the regulatory provisions subsequent to L. Decree 231/01 – to numerous other crimes and administrative offences.

In particular, the administrative liability of Institutions may arise from the crimes/offences listed by L. Decree 231/01 and more precisely:

i) Crimes against Public Administration (articles 24 and 25 of L. Decree 231/01) both articles have undergone numerous changes and additions over time, the last of which - with respect to the period of time in which this Model is issued - by L. Decree no. 75 of 14 July 2020, which included in the catalogue of crimes of the Decree the incriminating cases of fraud in public supplies, fraud in agriculture, embezzlement and abuse of office (limited to cases in which the financial interests of the European Union are offended); moreover, with L. Decree 25 February 2022 no. 13, containing "Urgent measures to combat fraud and for safety in the workplace in the construction sector, as well as on electricity produced by plants from renewable sources" (so-called Fraud Decree) changes have been made to some of the predicate cases referred to in art. 24 of L. Decree 231/2001 (in particular, the description of the conduct has been extended which integrates the details of the crime of embezzlement in compliance with article 316-*bis* of the Criminal Code, now entitled "*embezzlement of public funds*", and of the crime in compliance with art. 316-*ter* of the Criminal Code, now entitled "*misappropriation of public funds*"; moreover, the object of the crime of aggravated fraud for obtaining public funds has been expanded (art. 640-*bis* of the Criminal Code) by including subsidies in addition to contributions , loans, subsidized mortgages and other disbursements; for this crime, the confiscation of money, goods and other utilities is also envisaged pursuant to Article 240 *bis* of the Italian Criminal Code). Lastly, L. Decree no. 156 of 4 October 2022 made further amendments to art. 322*bis* of the Italian Criminal Code and in art. 2 Law 898/1986 (Fraud against the European Agricultural Fund);

ii) on Cybercrimes, introduced by article 7 of the Law of 18 March 2008, no. 48, which added, to L. Decree 231/01, article 24-*bis*. This last article has undergone a modification following the issue of D.L. 21 September 2019 no. 105 (converted with Law 18 November 2019 no. 133) which introduced within the legal system and at the same time in the catalogue of crimes pursuant to Decree 231/2001 a series of new criminal cases to protect the so-called *cyber security*; on 1 February 2022, Law no. 238/2021, containing "Provisions for the fulfilment of the obligations deriving from Italy's membership of the European Union - European Law 2019-2020", with which changes were made to some cases of the Italian penal code (articles 615-*quater*, 615-*quinquies*, 617-*quater*, 617-*quinquies*) which constitute predicate offences pursuant to art. 24-*bis* of L. Decree 231/2001;

iii) Organised crime offences, introduced by article 2, paragraph 29, of Law dated 15 July 2009 no. 94, which added, to L. Decree 231/01, article 24-*ter*. This category of crime also includes Law 236/2016, which entered into force on 7 January 2017, which added the new article 601-*bis*"Trafficking of organs removed from a living person" into the Itaian Criminal Code limited to the cases of crime *for the purpose of* article 416, paragraph 6 of the Italian Criminal Code or limited to the case in which it is performed in an associative form;

iv) Crimes relating to forgery of money, legal tenders, revenue stamps and instruments or identification marks, introduced by article 6 of Law 23 November 2001, no. 406, which added, to L. Decree 231/01, article 25-*bis*, as amended by article 15, paragraph 7, lett. a), of the Law of 23 July 2009, n. 99;

v) Crimes against industry and commerce, introduced by article 15, paragraph 7, lett. b), of Law 23 July 2009, no. 99, which added, to L. Decree 231/01, article 25-*bis*.1;

vi) Corporate Crimes, introduced by L. Decree 11 April 2002, no. 61, which added, to L. Decree 231/01, article 25-*ter*, modified by the Law 262/2005 and further completed by Law 190/2012, by Law 69/2015 and by L. Decree 15 March 2017, no. 38;

vii) Crimes for the purpose of terrorism or subversion of the democratic order, introduced by Law dated 14 January 2003, no. 7, which added, to L. Decree 231/01, article 25-*quater*;

viii) Crimes of female genital mutilation, introduced by Law dated 9 January 2006 no. 7, which added, to L. Decree 231/01, article 25-*quater*.1;

ix) Crimes against the Individual, introduced by Law dated 11 August 2003, no. 228, which included, in L. Decree 231/01, article 25-*quinquies*, amended by Law 38/2006 and, subsequently, by Law 199/2016, which introduced the case relating to illegal hiring, pursuant to art. 603- *bis* of the Italian Criminal Code Furthermore, on 1 February 2022, Law no. 238/2021, containing "Provisions for the fulfilment of the obligations deriving from Italy's membership of the European Union - European Law 2019-2020", with which changes were made to some cases of the penal code (articles, 600-*quater* and 609-*undecies*) which constitute predicate offences pursuant to art. 25-*quinquies*.

x) Insider trading and market manipulation crimes, in compliance with Law dated 18 April 2005 no. 62, which added, in L. Decree 231/01, article 25-*sexies*. Even the cases referred to in Articles 184 and 185 TUF, which constitute a predicate offence pursuant to this article, have been amended by Law no. 238/2021;

xi) Crimes of manslaughter and grievous or very grievous bodily harm, committed in violation of the accident prevention and Workers' health and safety regulations, introduced by Law 3 August 2007, no. 123, which added, in L. Decree 231/01, article 25-*septies*;

xii) Crimes of receiving, laundering and using money, goods or utilities of illicit origin, as well as self-laundering, introduced by L. Decree 21 November 2007, no. 231, which added, to L. Decree 231/01 article 25-*octies* and amended by Law 186/2014; the crimes in question were modified following the entry into force of L. Decree 8 November 2021 no. 195 implementing the European Directive 2018/1673 on the fight against money laundering;

xiii) Crimes relating to payment instruments other than cash, introduced by article 3, paragraph 1, lett. a), of L. Decree dated 8 November 2021, no. 184, which included, in L. Decree 231/01, art. 25-octies.1; in particular, the administrative liability of institutions is extended to the crimes referred to in articles 493-*ter*, 493-*quater*, 640-*ter* of the Italian Criminal Code, in the hypothesis aggravated by a transfer of money, monetary value or virtual currency;

xiv) Copyright Infringement, introduced by article 15, paragraph 7, lett. c), of Law 23 July 2009, no. 99, which added, to L. Decree 231/01, article 25-*novies*;

xv) Crime of incitement not to make statements or to make false statements to the judicial authorities, introduced by article 4 of Law 3 August 2009, no. 116, which added, to L. Decree 231/01, article 25-*decies*;

xvi) Environmental crimes, introduced by article 2 of L. Decree no. 121 of 7 July 2011, which included, in L. Decree 231/01, article 25-*undecies;*

xvii) Crime of employment of third-country nationals who are illegally staying, introduced by L. Decree 16 July 2012, no. 109, containing the "*Implementation of directive 2009/52/EC, which introduces minimum standards relating to sanctions and measures against employers who employ citizens of third countries who reside here illegally*", which added, to L. Decree 231/01, article 25-*duodecies*;

xviii) Racist and xenophobic hate crimes, introduced by law 20 November 2017 no. 167 containing *"Provisions for the fulfilment of obligations deriving from Italy's membership of the European Union - European Law 2017"*, which included, in L. Decree 231/01, art. 25 *terdecies*;

xix) Transnational crimes, introduced by Law no. 146 of 16 March 2006 "*Law for the ratification and implementation of the United Nations Convention and Protocols against Transnational Organised Crime*".

xx) Fraud in sporting competitions, illegal gaming or betting and games of chance performed using prohibited devices, introduced by Law 3 May 2019, no. 39 containing the "*Ratification and execution of the Council of Europe Convention on sports manipulation, made in Magglingen on 18 September 2014*";

xxi) Tax crimes introduced by the D.L. on tax no. 124/2019, converted with Law 19 December 2019 no. 157 which included, in L. Decree 231/01 article 25 *quinquiesdecies*; the latter article was modified by L. Decree no. 75 of 14 July 2020, which included further criminal-tax cases in the catalogue of crimes pursuant to Decree 231/2001. Furthermore, L. Decree no. 156 of 4 October 2022 amended the heading of art. 25-*quinquiesdecies* as well as the cases referred to in articles 2, 3, 4 and 6 of L. Decree 74/2000;

xxii) Contraband introduced by L. Decree no. 75 of 14 July 2020, which included article 25-*sexiedecies*;

xxiii) Crimes against cultural heritage as well as Laundering of cultural heritage and devastation and looting of cultural and landscape heritage, introduced by Law no. 22 of 9 March 2022, which included, in L. Decree 231/2001, articles 25-*septiesdecies* and 25-*duodevicies.*

1.4 The penalties envisaged in the Decree to be paid by the Institution

The penalties envisaged by L. Decree 231/01 for administrative offences dependent on crime are the following:

- ***pecuniary administrative;***
- ***disqualifications;***

- ***confiscation;***
- ***publication of the verdict.***

The ***pecuniary administrative sanction***, governed by articles 10 and following of the Decree, constitutes the "*basic*" sanction of necessary application, whose payment is the Institution's responsibility with its assets or with the shared fund.

The Legislator has adopted an innovative criterion for the proportioning of the sanction, attributing to the Judge the obligation to proceed with two different and successive operations of appreciation. This entails a greater adjustment of the sanction to the seriousness of the fact and to the economic conditions of the Institution.

The first assessment requires the Judge to determine the number of shares (in any case not less than one hundred, nor more than one thousand) taking into account:

- the seriousness of the fact;
- the degree of responsibility of the Institution;
- of the activity carried out to eliminate or mitigate the consequences of the fact and to prevent the commission of further offences.

During the second assessment, the Judge shall determine, within the minimum and maximum predetermined values in relation to the offences sanctioned, the value of each share, from a minimum of Euro 258.00 to a maximum of Euro 1,549.00. This amount is fixed "*on the basis of the institution's economic and financial conditions in order to ensure the effectiveness of the sanction*" (articles 10 and 11, paragraph 2, L. Decree 231/01).

As stated in point 5.1. of the Report to the Decree, "*As regards the procedures for ascertaining the economic and patrimonial conditions of the institution, the judge may make use of the financial statements or other records in any case suitable to ascertain these conditions. In some cases, the proof may also be obtained by taking into account the size of the institution and its position on the market. (...). The judge cannot help but become familiar, with the help of consultants, in the reality of the company, where they can also obtain information relating to the economic, financial and patrimonial solidity of the institution*".

Article 12 of L. Decree 231/01 provides for a series of cases in which the fine is reduced. They are schematically summarised in the following table, with an indication of the reduction made and the conditions for the application of the reduction itself.

Reduction	***Assumptions***
½ (and in any case cannot be higher than Euro 103,291.00)	• The perpetrator of the crime committed the act mainly in their own interest or that of third parties ***and*** the Institution did not obtain an advantage from it or did obtain a minimal advantage from it; ***or*** • The pecuniary damage caused is of a particularly non-serious nature.

from 1/3 to ½	[Before the opening statement of the first instance hearing] • The Institution has fully compensated the damage and has eliminated the harmful or dangerous consequences of the crime or has in any case taken effective steps in this direction; *or* • An organisation model suitable for preventing crimes of the type that occurred was implemented and made operational.
1/2 to 2/3	[Before the opening statement of the first instance hearing] • The Institution has fully compensated the damage and has eliminated the harmful or dangerous consequences of the crime or has in any case taken effective steps in this direction; • An organisation model suitable for preventing crimes of the type that occurred was implemented and made operational.

The ***disqualification sanctions*** envisaged by the Decree are the following and apply only in relation to the crimes for which they are expressly provided for in this legislative text:

- disqualification from the exercise of the corporate activity;
- suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
- prohibition to contract with the Public Administration, except to obtain the performance of a public service;
- exclusion from concessions, loans, contributions and subsidies, and/or the revocation of those already granted;
- prohibition to advertise goods or services.

In order for them to be enforced, it is also necessary that at least one of the conditions referred to in Article 13 of L. Decree 231/01 applies, which is:

- "*the institution obtained a significant profit from the crime and the crime was committed by persons in top positions or by subjects under the direction of others when, in this case, the commission of the crime was determined or facilitated by serious organisational shortcomings*"; or
- "*in the event of repetition of the offences*"[3].

In any case, disqualification sanctions are not applied when the crime was committed in the prevailing interest of the perpetrator or of third parties and the Institution obtained a minimal or no advantage from it, or the pecuniary damage caused is of a particularly non-serious nature.

The application of disqualification sanctions is also excluded by the fact that the Institution has put in place the remedial conduct envisaged by article 17, L. Decree 231/01 and, more precisely, when the following conditions are met:

- *"The institution has fully compensated the damage and has eliminated the harmful or dangerous consequences of the crime or has in any case taken effective steps in this direction*";

[3] In compliance with article 20 of L. Decree 231/01, "*there is reiteration when the institution, already definitively convicted at least once for an offence dependent on a crime, commits another in the five years following the definitive conviction*".

- *"the institution has eliminated the organisational shortcomings that led to the crime through the adoption and implementation of organisation models suitable for preventing crimes of the type that occurred";*
- "*the institution has made the profits made available for confiscation purposes*".

The disqualification sanctions have a duration of no less than three months and no more than two years and the choice of the measure to be applied and its duration is made by the Judge, on the basis of the criteria previously indicated for the measurement of the pecuniary sanction, "*taking into account the suitability of individual sanctions to prevent offences of the type committed*" (art. 14, L. Decree no. 231/01).

The Legislator then specified that the interdiction of the activity has a residual nature compared to the other disqualification sanctions.

With reference to disqualification sanctions, it is necessary to expressly mention the amendments made to the law of 9 January 2019, no. 3, which introduces an exceptional regime with regard to some crimes against the Public Administration: as currently envisaged by art. 25, ch. 5 of L. Decree 231/2001, in the event of conviction for one of the crimes indicated in paragraphs 2 and 3 of the same art. 25, the disqualification sanctions in compliance with art. 9 c. 2 are applied for a duration of not less than four and not more than seven years, if the offence was committed by the persons referred to in art. 5 c. 1 lit. a) - that is, by those who hold representation, administration or management functions of the institution or of one of its organisational units with financial and functional autonomy, as well as by persons who de facto exercise the management and control of the institution – and for a duration of no less than two and no more than four years, if the offence was committed by individuals in compliance with art. 5 c. 1 lit. b) – that is, by those who are subject to the management or supervision of the persons referred to in letter a) above.

However, the 2019 news also introduced paragraph 5 *bis*, which provides that disqualification sanctions are imposed for the common duration envisaged by art. 13 c. 2 (term of no less than three months and no more than two years) in the event that, before the first instance sentence, the institution has effectively taken steps:

a) to prevent the criminal activity from being led to further consequences;

b) to ensure evidence of crimes;

c) to identify those responsible;

d) to ensure the seizure of the sums or other benefits transferred;

or

e) has eliminated the organisational deficiencies that made it possible to verify the crime through the implementation of organisation models suitable for preventing crimes of the type that occurred.

In compliance with article 19, L. Decree 231/01, the ***confiscation*** - even per equivalent - of the price (money or other economic benefit given or promised to induce or cause another person to commit the crime) or of the profit (economic benefit immediately obtained) of the crime, except for the part

that can be returned to the injured party and without prejudice to the rights acquired by third parties in good faith, is always ordered with the conviction sentence.

The ***publication of the sentence*** in one or more newspapers, in full or in full, can be ordered by the Judge, together with the posting in the municipality where the Institution has its headquarters, when a disqualification sanction is applied. The publication is carried out by the Registry of the competent Judge and at the expense of the Institution.

2 THE IMPLEMENTATION OF THE MODEL

2.1. The implementation of the organisation and management model for the purpose of exempting administrative liability

Article 6 of L. Decree 231/01 provides that, if the crime was committed by one of the subjects indicated by the Decree, the Institution is not liable if it proves that:

a) before the crime was committed, the Management Body effectively implemented organisation and management models suitable for preventing crimes of the type that occurred;

b) the task of supervising the functioning and compliance with the models and of updating them has been entrusted to a body of the Institution with independent powers of initiative and control;

c) people committed the crime by fraudulently eluding the organisation and management models;

d) there was no omitted or insufficient supervision by the body referred to in letter b).

Article 7 of L. Decree 231/01 also establishes that, if the offence is committed by Subordinates under the supervision of a Top Manager, the Institution's liability exists if the commission of the offence was made possible by failure to comply with management and supervisory obligations. However, non-compliance with these obligations is excluded, and with it the Institution's liability, if before thecommission of the crime, the Institution itself adopted and effectively implemented a Model suitable for preventing crimes of the type that occurred.

It should also be noted that, in the hypothesis outlined in article 6 (fact committed by Top Managers), the Institution has the burden of proving the existence of the exempting situation, while in the case envisaged by article 7 (fact committed by Subordinates), the burden of proof regarding the non-compliance, or the non-existence of the models or their unsuitability, lies with the prosecution.

The mere adoption of the Model by the Management Body - which is to be identified in the Body holding management power - the Board of Directors (hereinafter also the Board of Directors) - does not, however, appear to be a sufficient measure to determine the Institution's exemption from liability, it being rather necessary that the Model be *effective* .

As for the effectiveness of the Model, the Legislator, in article 6 paragraph 2 of L. Decree 231/01, establishes that the Model must satisfy the following requirements:

a) identify the activities in which crimes may be committed (the so-called "mapping" of risk activities);

b) provide for specific protocols aimed at planning the formation and implementation of the Institution's decisions in relation to the crimes to be prevented;

c) identify methods of managing financial resources suitable for preventing the commission of crimes;

d) establish information obligations towards the body responsible for supervising the functioning and observance of the models;

e) introduce a disciplinary system suitable for sanctioning failure to comply with the measures indicated in the Model.

2.2. Model Sources: Confindustria Guidelines

Upon express indication of the delegated Legislator, the models can be implemented on the basis of codes of conduct drawn up by associations representing the category which have been communicated to the Ministry of Justice which, in agreement with the competent Ministries, can formulate observations on the suitability of the models to prevent crimes within 30 days.

The preparation of this Model is inspired by the Guidelines approved by Confindustria on 7 March 2002 and most recently updated in June 2021.

The path indicated by the Guidelines for the elaboration of the Model can be summarised according to the following fundamental points:

a) identification of **Risk Areas**;

b) preparation of a control system capable of reducing risks through the implementation of appropriate protocols. In support of this, the coordinated set of organisational structures, activities and operating rules applied - on the indication of the Top Managers - by the *management* aimed at providing reasonable security regarding the achievement of the purposes included in a good internal control system.

The most relevant components of the preventive control system proposed by Confindustria are:

- **Code of Ethics;**
- **Organisational System;**
- **Manual and IT procedures;**
- **Powers of authorisation and signature;**
- **Control and management systems;**
- **Personnel communication and training.**

The control system must also conform to the following principles:

- verifiability, traceability, consistency and congruence of each operation;
- separation of functions (no one can autonomously manage all phases of a process);
- documentation of controls;

- introduction of an adequate Penalty System for violations of the rules and procedures envisaged by the Model.

2.3. SNAI Rete Italia Model

In order to guarantee conditions of lawfulness, fairness and transparency in carrying out its activities, SNAI Rete Italia (hereinafter also referred to as "SRI") has decided to implement and periodically update its Organisational, Management and Control Model in compliance with the Decree.

Therefore, the Model is addressed to all those who work with the Company, who are required to know and comply with the provisions contained therein.

In particular, the Recipients of the Model are:

i. the Corporate Bodies (the Board of Directors, the delegated bodies, the Sole Auditor/Board of Statutory Auditors, as well as any person who exercises, even de facto, the powers of representation, decision-making and/or control within the Company) and the Independent Auditors;

ii. the Personnel (i.e. employees, including those of the Sales Points, para-subordinate workers and coordinated and permanent collaborators, etc.) of the Company;

iii. Third parties, i.e. all external subjects: consultants, suppliers, partners (where present) as well as all those who, although external to the Company, operate, directly or indirectly, for SNAI Rete Italia.

- ***Corporate Bodies and Personnel***

All Directors, Statutory Auditors, the Independent Auditors and SRI personnel, including the Sales Points, are Recipients of the Model and must comply with the provisions contained therein.

With regard to the determination of the Institution's liability, the company directors, statutory auditors, managers and personnel who, even de facto, carry out management activities even though they are not managers are considered Top Managers, while non-executive employees are considered Subordinates under the direction of others.

- ***Third parties***

In particular, these are all subjects who do not hold a "Top Managers" position (or are subject to direct subordination) in the terms specified in the previous paragraphs and who are in any case required to comply with the Model by virtue of the function carried out in relation to the corporate and organisational structure of the Company, for example as they are functionally subject to the management or supervision of a Senior Person, or as they operate, directly or indirectly, for SRI.

Within this category, the following may be included:

- all those who maintain a non-subordinate employment relationship SRI (e.g. coordinated and continuous collaborators, consultants);

- collaborators, in any capacity;
- all those who act in the name and/or on behalf of the Company;
- the subjects to whom they are assigned, or who in any case perform specific functions and tasks in the field of health and safety in the workplace (e.g., the Occupational Physicians and, if external to the company, the Managers);
- suppliers and partners (where present).

The third parties thus defined must also include those who, although they have a contractual relationship with another company of the Group, essentially operate in the sensitive areas of activity on behalf of or in the interest of SRI.

SRI believes that the adoption of the Model, together with the adoption of the ***Code of Ethics of the Snaitech Group***, constitutes, in addition to the provisions of the law, a further valid tool for raising the awareness of all employees and all those who in various capacities collaborate with the Company, in order to ensure correct and transparent behaviour in the performance of its activities in line with the ethical-social values which inspire the Company in the pursuit of its corporate purpose, and in any case such as to prevent the risk of commission of offences contemplated by the law.

In relation to third parties, SRI, through specific contractual clauses, requires the commitment of the same to the actual application of the principles contained in the Model, under penalty of termination of the relationship (express termination clauses).

Therefore, SRI, sensitive to the need to disseminate and consolidate the culture of transparency and integrity, as well as aware of the importance of ensuring conditions of fairness in the conduct of business and in corporate activities to protect the position and image of one's own and expectations of cooperative members, voluntarily adopts the organisation and control Model envisaged by the Law, establishing its reference principles.

2.4.Approval, modification, implementation of the Model

The Model in its first draft was adopted, in compliance with the provisions of article 6, paragraph 1, lett. a) of the Decree, by SNAI Rete Italia on 9 November 2017.

SRI has set up the Supervisory Body responsible for supervising the functioning and compliance of the Model, pursuant to the provisions of the Decree.

The second update of the Organisation, Management and Control Model implemented the regulatory developments that affected the discipline on the liability of institutions for crimes, including:

- those referred to in L. Decree of 14 July 2020 no. 75 implementing the EU Directive no. 1371/2017 (so-called PIF) which introduced in the catalogue *pursuant to* L. Decree 231/01 further Crimes against Public Administration and some Tax crimes;
- those referred to in Law 3 May 2019, no. 39 containing the "*Ratification and execution of the Council of Europe Convention on sports manipulation*", which introduced the crimes of Fraud in sporting competitions, illegal gaming or betting and games of chance performed using prohibited devices (article 25 *quaterdecies*);

- those referred to in tas D.L. no. 124/2019, converted into Law no. 157 of 19 December 2019, which included some cases of tax crimes in the catalog of crimes pursuant to Decree 231/01 (art. 25 *quinquiesdecies)*;
- those referred to in D.L. 21 September 2019 no. 105 (converted with Law 18 November 2019 no. 133) which introduced within the legal system and at the same time in the catalogue of crimes pursuant to Decree 231/2001 a series of new criminal cases to protect the so-called *cybersecurity;*
- those referred to in Law 9 January 2019 no. 3 (so-called "spazzacorrotti") which has, among other things, reformulated the case of trafficking in illicit influence in compliance with art. 346 *bis* of the Italian Criminal Code, including it as a predicate offence for the institution's liability pursuant to Decree 231/2001;
- those concerning the protection for whistleblowers of crimes or irregularities (so-called *"whistleblowing"*), introduced in the decree by Law 30 November 2017 no. 179.

Lastly, the Model was updated in order to incorporate the regulatory changes introduced by L. Decree No. 184 of 8 November 2021 implementing Directive (EU) 2019/713 of the European Parliament and of the Council on the fight against fraud and counterfeiting of means of payment other than cash, by means of which: the case referred to in art. 493 ter of the Italian Criminal Code was reformulated and art. 493 quater of the Italian Criminal Code was added *ex novo*, entitled "*Possession and dissemination of equipment, devices or computer programmes aimed at committing crimes involving payment instruments other than cash";* moreover, the same Decree provided for the relevance of both the aforementioned cases pursuant to L. Decree 231/2001, adding the same within the new art. 25 octies.1. In its latest version, the Model also incorporates the changes made by L. Decree dated 8 November 2021 no. 195 implementing directive (EU) 2018/673 of the European Parliament and of the Council on the fight against money laundering through criminal law, by means of which the partial reformulation of the cases of receiving stolen goods (art. 648 Italian Criminal Code), money laundering (art. 648-bis Italian Criminal Code), use of money, goods or other benefits of illicit origin (art. 648-ter Italian Criminal Code) and self-laundering (art. 648-ter.1). The updating activity also takes into account the L. Decree 25 February 2022 no. 13 containing "Urgent measures to combat fraud and for safety in the workplace in the construction sector, as well as on electricity produced by plants from renewable sources" which introduced some changes to the predicate case referred to in art. 24 of L. Decree 231/2001 (art. 316 bis, art. 316 ter and art. 640 bis of the Italian Criminal Code) as well as Law no. 22 of 9 March 2022 which introduces, among the so-called predicate offences, those against cultural heritage as well as laundering of cultural heritage and devastation and looting of cultural and landscape heritage. Finally, the Model implements the innovations referred to in L. Decree no. 156 of 4 October 2022 containing "Corrective and supplementary provisions of L. Decree 75/2020 implementing Directive 2017/1371, relating to the fight against fraud that harms the financial interests of the Union through criminal law".

The Company, also through the Supervisory Body, constantly monitors the Model, arranging periodic updates in the light of regulatory and corporate developments.

2.4.Methodology - The construction of the Model

SRI has carried out the mapping of the Risk Areas pursuant to the Decree, through the identification

and assessment of the risks relating to the types of crime covered by the legislation and the related internal control system, as well as the definition of the first draft of the Model, based on the activities referred to in the points above.

The drafting of the Model was divided into the phases described below:

a) preliminary examination of the corporate context by carrying out meetings with the main managers of the Company in order to carry out an analysis of the organisation and the activities carried out by the various organisational functions, as well as to identify the corporate processes in which these activities are articulated and their concrete and effective implementation;

b) identification of the areas of activity and corporate processes at "risk" of the commission of offences, carried out on the basis of the examination of the company context referred to in letter a) above as well as identification of the possible ways of committing the offences;

c) analysis, through meetings with the managers of the identified Areas at Risk of Crime, of the main risk factors associated with the crimes referred to in the Decree, as well as detection, analysis and assessment of the adequacy of existing Management Audits;

d) identification of the improvement points of the internal control system and definition of a specific implementation plan for the improvement points identified.

At the end of the aforesaid activities, a list of Risk Areas was drawn up, i.e. those sectors of the Company and/or corporate processes with respect to which the risk of commission of crimes, among those indicated by the Decree, and abstractly attributable to the type of activity carried out by the Company.

SRI has therefore proceeded with the detection and analysis of Management Audits - verifying the Organisational System, the System for attributing Proxies and Delegations, the Management Control System, as well as the existing procedures deemed relevant for the purposes of the analysis (so-called phase as is analysis) - as well as the identification of points for improvement, with the formulation of appropriate suggestions.

The areas in which financial instruments and/or substitute means are managed that can support the commission of crimes in Areas at Risk of crime have also been identified.

Together with the *risk assessment* and identification of existing control points, SRI out a careful survey of the remaining fundamental components of the Model, namely:

- the Code of Ethics of the Snaitech Group;
- the Penalty System;
- the discipline of the SB;
- the information flows from and to the SB.

2.5. SNAI Rete Italia and its *Mission*

SRI is a company belonging to the SNAITECH S.p.A. Group, which carries out gaming and betting collection activities at various gaming points located throughout Italy. In particular, these points are functional to the collection of public gaming through bets on sporting events other than horse racing,

betting on horse racing, bets on virtual events, National Horse Racing and the collection of legal gaming through amusement and entertainment machines, the so-called "AWP" and "VLT".

The Company, with resolution effective from 1 July 2020, acquired by incorporation AREA SCOM s.r.l. with the consequent taking over the management of the 23 points of sale previously owned by the latter.

2.6.The categories of crime relevant to Snai Rete Italia S.r.l.

In the light of the analysis carried out by the Company for the purposes of preparing and subsequent updates to this Model, the categories of offences, envisaged by L. Decree 231/01, which could potentially entail the Company's liability, are those listed below:

- Crimes against Public Administration (articles 24 and 25 of L. Decree 231/01) and the crime of inducing not to make statements or to make false statements to the judicial authorities (article 25-*decies* of L. Decree 231/01);
- Corporate Crimes (article 25-*ter* of L. Decree 231/01);
- Crimes against Occupational Health and Safety (article 25-*septies* of L. Decree 231/01);
- Crimes of receiving, laundering and using money, goods or utilities of illicit origin, as well as self-laundering (article 25-*octies* of L. Decree 231/01);
- Crimes relating to payment instruments other than cash (article 25-*octies*.1 of L. Decree 231/01);
- Cybercrimes and unlawful data processing (article 24-*bis* of L. Decree 231/01);
- Organised crime offences (article 24-*ter* of L. Decree 231/01);
- Crimes relating to forgery of money, legal tenders, revenue stamps (article 25-*bis* of L. Decree 231/01);
- Crimes against industry and commerce (article 25-*bis* I of L. Decree 231/01);
- Crimes against the individual (article 25-*quinquies* of L. Decree 231/01);
- Copyright infringement (article 25-*novies* of L. Decree 231/01);
- Environmental crimes (article 25-*undecies* of L. Decree 231/01);
- Crime of employment of third-country nationals who are illegally staying (article 25-d*duodecies* of L. Decree 231/01);
- Racist and xenophobic hate crimes (article 25-*terdecies* of L. Decree 231/01);
- Crimes of Fraud in sporting competitions, illegal gaming or betting and games of chance performed using prohibited devices (article 25-*quaterdecies* of L. Decree 231/01);
- Tax crimes (article 25-*quinquiesdecies* of L. Decree 231/01);
- Contraband (art. 25-*sexiesdecies* of L. Decree 231/01).

With regard to the remaining categories of crime, it was deemed that, in the light of the main activity carried out by the Company, the socio-economic context in which it operates and the legal and economic relations that it establishes with Third Parties, there are no risk profiles such as to make the possibility of their commission in the interest or to the advantage of the Company itself reasonably founded. In this regard, however, steps were taken to monitor these risks through the principles of conduct set out in the Snaitech Group's ***Code of Ethics***, which in any case bind the Recipients to respect the essential values such as impartiality, fairness, transparency, respect for the human person, and lawfulness.

The Company undertakes to constantly assess the relevance for the purposes of this Model of any additional crimes currently envisaged by L. Decree 231/01 or introduced by subsequent additions to the same.

For each of the categories of crime considered relevant SRI, the so-called "activities at risk"" were identified, i.e. those activities which, when performed, make the commission of a crime abstractly possible, the related methods of commission and the existing Management Audits.

2.7. The purpose and structure of the organisation and management model

This Document takes into account the particular entrepreneurial reality of SRI and represents a valid tool for raising awareness and informing Top Managers, Subordinates and Third Parties. All this, so that the Recipients, in carrying out their activities, follow correct and transparent conduct, in line with the ethical-social values which inspire the Company in the pursuit of its corporate purpose and such, in any case, as to prevent the risk of commission of the crimes envisaged by the Decree.

The Model is made up of this General Section, which illustrates the functions and principles of the Model as well as identifying and regulating its essential components such as the Supervisory Body, the formation and dissemination of the Model, the Penalty System and the assessment and integrated management of crime risks.

The following Special Sections also form an integral and substantial part of this Document, as well as the additional documents referred to and/or listed below:

- ***Special Part A****:*
  - ✓ Section 1: description of Crimes against Public Administration (articles 24 and 25 of L. Decree 231/01) and against the Administration of Justice (article 25-*decies* of L. Decree 231/01);
  - ✓ Section 2: Areas at Risk relating to Crimes against Public Administration and the Administration of Justice, related methods of commission and existing Management Audits for the purpose of preventing the crimes *in question*;

- ***Special Part B****:*
  - ✓ Section 1: description of Corporate Crimes (Article 25-*ter* of L. Decree 231/01);

- ✓ Section 2: Areas at Risk relating to Corporate Crimes, related methods of commission and existing management audits for the purpose of preventing the crimes *in question*;

- ***Special Part C**:*
  - ✓ Section 1: description of Crimes against Occupational Health and Safety (article 25-*septies* of L. Decree 231/01);
  - ✓ Section 2: Areas at Risk relating to Crimes against Occupational Health and Safety relating to commission methods and existing management audits for the purpose of preventing the crimes *in question*;

- ***Special Part D**:*
  - ✓ Section 1: description of the Crimes of receiving, laundering and using money, goods or utilities of illicit origin, as well as self-laundering (article 25-*octies* of L. Decree 231/01);
  - ✓ Section 2: Areas at Risk relating to the Crimes of receiving, laundering and using money, goods or utilities of illicit origin, as well as self-laundering, related methods of commission and Management Audits existing for the purpose of preventing the crimes *in question*;
  - ✓ Appendix: Crimes relating to payment instruments other than cash (art. 25-*octies*. 1 no. L. Decree no. 231/2001)

- ***Special Part E**:*
  - ✓ Section 1: description of organized crime offences Article 24-*ter* L. Decree 231/01);
  - ✓ Section 2: Areas at Risk relating to Organised Crime Offences, related methods of commission and existing Management Audits for the purpose of preventing the crimes *in question*;

- ***Special Part F***
  - ✓ Crimes of Fraud in sporting competitions, illegal gaming or betting and games of chance performed using prohibited devices (article 25-*quaterdecies* of L. Decree 231/01);

- ***Special Part G***
  - ✓ Tax crimes (article 25-*quinquiesdecies* of L. Decree 231/01);

- ***Special Part H**:*
  - ✓ Contraband (art. 25-*sexiesdecies* of L. Decree 231/01);

- ***Special part I:***

  Description of the general principles of conduct applicable to the following families:

  - ✓ Cybercrimes and unlawful data processing (article 24-*bis* L. Decree 231/01);
  - ✓ Crimes relating to forgery of money, legal tenders, revenue stamps and instruments or identification marks (article 25 *bis* L. Decree 231/01);
  - ✓ of crimes against industry and commerce (article 25–*bis*.1 L. Decree 231/01);
  - ✓ crimes against the individual relating to pornography, female sexual integrity and child prostitution, crimes relating to enslavement, human trafficking, the purchase and sale of slaves and illegal hiring (article 25 *quater*.1 and *quinquies* of the Decree);
  - ✓ of crimes relating to infringement of copyright (article 25--*novies* of L. Decree 231/01);
  - ✓ of environmental crimes (article 25-*undecies* of L. Decree 231/01);
  - ✓ crimes involving the employment of illegally staying third-country nationals (article 25-*duodecie*s of L. Decree 231/01);
  - ✓ of crimes of racism and xenophobia (art. 25-*terdecies* of L. Decree 231/01);

Without prejudice to the provisions of the Special Sections from A to I of this Document, SRI has defined a specific system of proxies, procedures, protocols and internal controls whose purpose is to ensure adequate transparency and knowledge of the decision-making and financial processes, as well as the behaviours that must be observed by all the Recipients of the Model operating in the corporate areas.

It should also be noted that the following documents form an integral and substantial part of this Model:

- the Code of Ethics of the Snaitech Group, which defines the fundamental principles to which SRI is inspired and intends to standardise its activity;
- the Policies adopted by the Snaitech Group, which indicate the duties and responsibilities of SNAITECH S.p.A. and of the other Group Companies in carrying out a business activity based on lawfulness and fairness;
- the Penalty System and the related sanction mechanism to be applied in case of violation of the Model;

The Model aims at:

- making all Recipients who operate in the name and on behalf SRI, and in particular those engaged in Risk Areas, aware that, in the event of violation of the provisions contained therein, they may incur an offence punishable by penalties, both at criminal and administrative level, not only towards themselves, but also towards the Company;
- informing all Recipients who work with the Company that the violation of the provisions contained in the Model will lead to the application of specific sanctions or the termination of the contractual relationship;

- confirm that SRI does not tolerate unlawful conduct of any kind and regardless of any purpose and that, in any case, such conduct (even if the Company is apparently in a position to benefit from it) is in any case contrary to the principles which inspire the entrepreneurial activity of the same Company.

2.8.The concept of acceptable risk

In drafting the Model, the concept of "acceptable" risk cannot be overlooked.

For the purposes of applying the provisions of the Decree, it is important to define an effective threshold which allows for a limit to be placed on the quantity/quality of the preventive measures to be introduced, in order to avoid the commission of the offences considered.

In the absence of a prior determination of the "acceptable" risk, the quantity/quality of ordered preventive controls is, in fact, virtually infinite, with the intuitive consequences in terms of company operations.

With regard to the preventive control system to be built in relation to the risk of committing the types of crime contemplated by the Decree, the conceptual threshold of acceptability is represented by a prevention system such that it cannot be circumvented except fraudulently.

This solution is in line with the "fraudulent avoidance" logic of the Model as an exemption for the purpose of excluding the Institution's administrative liability (article 6, paragraph 1, letter c, "*persons have committed the crime by fraudulently evading the models of organisation and management*"), as clarified by the Confindustria Guidelines.

With specific reference to the sanctioning mechanism introduced by the Decree, the acceptability threshold is therefore represented by the effective implementation of an adequate preventive system, which cannot be circumvented except intentionally, or, for the purpose of excluding the administrative liability of the Institution, the people who committed the crime acted by fraudulently eluding the Model and the controls implemented by the Company.

2.9. Management of financial resources

Taking into account that pursuant to article 6, letter c) of L. Decree 231/01 among the requirements that the Model must meet there is also the identification of the methods of management of financial resources suitable for preventing the commission of crimes, the Company adopts specific protocols and/or procedures containing the principles and behaviors to follow in the management of these resources.

2.10. Outsourced processes

Some of the "risk" business processes identified in the Special Sections of this Model, or portions of them, have been outsourced to the parent company SNAITECH S.p.A.

With the aim of preventing the commission of predicate offences in the context of outsourced processes, the Company has defined the policy for the outsourcing of its activities, identifying:

- outsourced activities;

- the methods for assessing the supplier's performance level (*service level agreement,* , hereinafter referred to as "S.L.A.").

In compliance with these criteria, the Company has stipulated an *outsourcing* contract for the regulation of relations with SNAITECH, which provides services in favour of the same.
This contract provides:

- the activity to be transferred, the methods of execution and the related consideration in a clear manner;
- that the supplier adequately performs the outsourced activities in compliance with current legislation and the provisions of the Company;
- that the supplier guarantees the confidentiality of data relating to the Company and its customers;
- that the Company is entitled to control and access the supplier's activity and documentation;
- that the Company can withdraw from the contract without disproportionate charges or such as to prejudice, concretely, the exercise of the right of withdrawal;
- that the contract cannot be sub-assigned without the consent of the Company.

With regard to the administrative liability of institutions and in order to define the perimeter of the liability itself, it is also stipulated that through said contract the parties mutually acknowledge that they have each adopted an organisation and management model pursuant to the Decree and subsequent additions and amendments, and to monitor and regularly update its respective Model, taking into consideration the relevant regulatory and organisational developments, for the purposes of the broadest protection of the respective companies.

The parties undertake towards each other to strictly comply with their Models, with particular regard to the areas of said Models that are relevant for the purposes of the activities managed through the *outsourcing* contract and its performance, and also undertake to inform each other of any violations that may occur and that may be relevant to the contract and/or its performance. More generally, the parties undertake to refrain, in carrying out the activities covered by the contractual relationship, from behaviours and conduct which, individually or jointly with others, may constitute any type of crime contemplated by the Decree.

With reference to these contractual relationships, SRI and SNAITECH S.p.A., that provides the services, have respectively and formally appointed the "Contract Managers". They are responsible, each for their own area of activity, for the correct performance of the contract and for the relative technical-operational and economic control of the services and supplies.

2.11. Manual and IT procedures

As part of its organisational system, Snai Rete Italia S.r.l. has defined procedures aimed at regulating the performance of corporate activities.

In compliance with the Confindustria Guidelines, in fact, the Company has decided to equip itself with procedures, both manual and digital, which dictate the rules to be followed within the company

processes concerned, also providing for the controls to be carried out in order to guarantee the fairness, effectiveness and efficiency of corporate activities.

The procedures are disseminated, advertised, collected and made available to all company subjects both via the company intranet and through the manager of the department concerned.

2.12. Corporate Governance

- **Board of Directors**

The Company is managed by a Board of Directors made up of no. 3 members, appointed by the Assembly, whose office is limited in time and can be re-elected. In compliance with the Articles of Association (Articles 17 to 23), the Board provides for the management of the company.

The Model is part of and integrates the more complex system of procedures and controls which represents the overall organisation of *Corporate Governance* of the Company.

- **Shareholders' Meeting**

The Shareholders' Meeting is competent to pass resolutions, in ordinary and extraordinary sessions, on matters reserved to it by the Law or by the Articles of Association.

The meeting, legally convened and duly constituted, represents all the Members and its resolutions, taken in compliance with the Law and the Articles of Association, are binding on all Members even if absent or dissenting.

- **Auditing Firm**

The SRI Shareholders' meeting has entrusted an auditing company, registered in the Special Register, with the task of auditing the Company's accounts.

2.13. The internal control system

The internal control system is the set of rules, procedures and organisational structures aimed at allowing, through an adequate process of identification, measurement, management and monitoring of the main risks, as well as a management of the company that is sound, fair and consistent with the set goals. Each person who is part of the SRI organisation is an integral part of its internal control system and has the duty to contribute, within the scope of the functions and activities performed, to its correct functioning.

The ***sole auditor/board of statutory auditors*** has the task of verifying:

- ✓ *compliance with the Law and the Articles of Association;*
- ✓ *compliance with the principles of fair administration;*

- ✓ *the adequacy of the organisational structure of the Company, of the internal control system and of the accounting administrative system, also with reference to the reliability of the latter in correctly representing management events.*

SRI has appointed a Sole Auditor.

- **Controls inside and outside the system**

These controls are based on the following principles:

- ✓ ***Separation of tasks.*** The assignment of tasks and the consequent levels of authorisation must be aimed at keeping the functions of authorisation, performance and control separate and in any case at avoiding concentration of the same in the hands of a single subject;
- ✓ ***Formalisation of signature and authorisation powers.*** The granting of these powers must be consistent and commensurate with the tasks assigned and formalised through a system of proxies that identify the scope of exercise and the consequent assumption of responsibility;
- ✓ ***Compliance with the rules of conduct contained in the Snaitech Group's Code of Ethics***. All corporate procedures must comply with the principles dictated by the Code of Ethics and by the Snaitech Group Policies adopted/implemented by SRI;
- ✓ ***Formalisation of control.*** Sensitive company processes must be traceable (documentally or electronically, with a clear preference for the latter) and provide for specific line controls;
- ✓ ***Process coding.*** Company processes are governed according to procedures aimed at defining timing and methods of execution, as well as objective criteria which govern decision-making processes and anomaly indicators.

3 THE SUPERVISORY BODY

3.1. The characteristics of the Supervisory Body

According to the provisions of L. Decree 231/01 (articles 6 and 7) the indications contained in the Report to L. Decree 231/01 and the positions adopted in case law and the literature on the matter, the characteristics of the Supervisory Body, such as to ensure effective and effective implementation of the Model, must be:

a) autonomy and independence;

b) professionalism;

c) continuity of action;

d) integrity.

a) Autonomy and independence

The requisites of autonomy and independence are essential so that the SB is not directly involved in the management activities controlled by it and, therefore, is not subjected to conditioning or interference by the Management Body.

These requisites can be obtained by guaranteeing the SB the highest possible hierarchical position and providing for a *reporting* activity to the Top Managers, i.e. to the Board of Directors. For the purposes of independence, it is also essential that the SB is not assigned operational tasks, which would compromise its objectivity of judgement with reference to checks on behaviour and the effectiveness of the Model. To this end, it has a specific spending *budget*.

b) Professionalism

The SB must possess adequate technical-professional skills for the functions it is called upon to perform. These characteristics, combined with independence, guarantee the objectivity of judgement.

c) Continuity of action

The SB must:

- carry out the activities necessary for the supervision of the Model on an ongoing basis with adequate commitment and with the necessary investigative powers;
- make use of the Company's structures (e.g. through meetings with the Managers of areas potentially at risk of crime), in order to guarantee the necessary continuity in the supervisory activity.

d) Integrity

The members of the SB must meet the following requirements:

- not be in a state of temporary disqualification or suspension from the executive offices of legal persons and companies;
- not be in one of the conditions of ineligibility or forfeiture provided for by article 2382 of the Italian Civil Code, with reference to the directors and to be considered applicable, for the purposes of the Model, also to the individual members of the SB;
- have not been subjected to preventive measures pursuant to the Law of 27 December 1956, no. 1423 ("*Preventive measures against people dangerous to safety and public morality*") or the Law of 31 May 1965, no. 575 ("*Provisions against the mafia*") and subsequent modifications and additions, without prejudice to the effects of rehabilitation;
- not having been sentenced, even if with a conditionally suspended sentence, without prejudice to the effects of rehabilitation:
  - ✓ for one of the crimes envisaged by the R.D. 16 March 1942, no. 267 (Bankruptcy Law);
  - ✓ for one of the crimes envisaged by Title XI of Book V of the Italian Civil Code ("*Criminal provisions concerning companies and consortia*");
  - ✓ for an intentional crime, for a period of no less than one year;
  - ✓ for a crime against the Public Administration, against public faith, against property, against the public economy.

Each member of the SB signs a specific declaration certifying the existence of the required personal requirements.

In the event that the envisaged requirements are no longer met, the SB is forfeited, in compliance with the provisions of paragraph 3.4.

3.2. The identification of the Supervisory Body

In compliance with the provisions of L. Decree 231/01, with the indications expressed by the Confindustria Guidelines and with the orientations of the doctrine and jurisprudence on the matter, SRI decided to establish a monocratic body appointed by the Board of Directors, which can ensure knowledge of company activities, skills in the field of internal control, in the legal field and - at the same time - has such authority and independence as to be able to guarantee the credibility of the related functions.

3.3. Duration of the assignment and reasons for termination

The SB remains in office for the duration indicated in the deed of appointment and can be renewed.

The termination of the office of the SB can take place for one of the following reasons:

- expiry of the assignment;
- revocation of the mandate by the Board of Directors;

- waiver by the SB, formalised by means of a specific written communication sent to the Board of Directors;
- occurrence of one of the causes of forfeiture referred to in paragraph 3.4 below.

The revocation of the SB can only be ordered for just cause and such must be understood, by way of example, as follows:

- the case in which it is involved in a criminal proceeding concerning the commission of a crime *pursuant to* L. Decree 231/01 from which liability for the Company may derive;
- the case in which the violation of the confidentiality obligations envisaged by the SB is found;
- gross negligence in the performance of the duties associated with the assignment;
- the possible involvement of the Company in a proceeding, criminal or civil, which is connected to an omitted or insufficient supervision of the SB, even negligently;
- the attribution of operational functions and responsibilities within the corporate organisation incompatible with the requirements of "autonomy and independence" and "continuity of action" of the SB;
- have been convicted of one of the crimes contemplated in L. Decree 231/01, even if the sentence has not become final.

The revocation is arranged with a qualified resolution (two/thirds) of the Board of Directors subject to the non-binding opinion of the Sole Auditor/Board of Statutory Auditors.

In the event of expiry, revocation or renunciation, the Board of Directors appoints the new SB without delay, while the outgoing SB remains in office until replaced.

3.4. Cases of ineligibility and forfeiture

The members of the SB are chosen among qualified subjects and experts in the legal field, internal control systems and/or specialised technicians.

The following constitute reasons for ineligibility and/or forfeiture of the member of the SB:

a) the lack of "integrity" requirements referred to in paragraph 3.1 above;

b) the existence of family relationships, marriage or affinity within the fourth degree with the members of the Board of Directors or of the Sole Auditor/Board of Statutory Auditors of the Company, or with the external parties in charge of the audit;

c) the existence of relationships of a financial nature between the subject and the Company, such as to compromise the independence of the member themselves;

d) the verification subsequent to the appointment, that the member of the SB has held the position of member of the Supervisory Body within companies against which they have been applied, with definitive provision (including the sentence issued pursuant to art. 63 Decree), the penalties provided for by art. 9 of the same Decree, for offences committed during their office.

If, during the term of office, a cause for forfeiture arises, the member of the SB is required to immediately inform the Board of Directors, which appoints the new member of the SB without delay, while the outgoing member is required to abstain from making any resolution, with the consequence that the Supervisory Body will operate in reduced number

3.5. Causes of temporary impediment

At present, SRI has appointed a monocratic Supervisory Body.

If impediments of a temporary or permanent nature arise, the sole member of the SB must present these causes without delay to the Board of Directors, at the same time also notifying the Board of Statutory Auditors/Sole Auditor, so as to allow the Administrative Body to evaluate the opportunity to appoint a new SB.

Where it is necessary to appoint a Supervisory Body collectively, and where causes arise which temporarily prevent (for a period of six months) a member of the SB from performing their functions with the necessary autonomy and independence of judgement, the latter will be required to declare the existence of the legitimate impediment and - if it is due to a potential conflict of interest - the cause from which the same derives, refraining from participating in the meetings of the body itself or to the specific resolution to which the conflict refers, until the aforementioned impediment persists or is removed. In the event of a temporary impediment or in any other hypothesis which makes it impossible for one or more members to participate in the meeting, the Supervisory Body will operate with a reduced number of participants.

3.6. Function, duties and powers of the Supervisory Body

In compliance with the indications envisaged by the Decree and by the Guidelines, the office of the appointed SB consists, in general, in:

- supervising the effectiveness of the Model, i.e. supervising that the conduct implemented within the Company corresponds to the Model prepared and that the Recipients of the same act in compliance with the provisions contained in the Model itself;
- verify the effectiveness and adequacy of the Model, i.e. verify that it is suitable for preventing the occurrence of the offences referred to in the Decree;
- monitor that the Model is constantly updated, proposing to the Board of Directors any modification of the same, in order to adapt it to organisational changes, as well as to regulatory and corporate structure changes;
- verify that the updating and modification proposals formulated by the Board of Directors have actually been incorporated into the Model.

Within the scope of the function described above the following tasks are the responsibility of the SB:

- periodically check the adequacy of the Management Audits within the Risk Areas. To this end, the Recipients of the Model must report to the SB any situations capable of exposing the

Company to the risk of crime. All communications must be made in writing and sent to the specific e-mail address activated by the SB;

- periodically carry out, on the basis of the activity plan of the SB previously established, targeted checks and inspections on certain operations or specific deeds, implemented within the Risk Areas;
- collect, process and keep the information (including the reports referred to in paragraph 3.7 below) relevant to compliance with the Model, as well as update the list of information that must mandatorily be sent to the same SB;
- conduct internal investigations to ascertain alleged violations of the provisions of this Model, brought to the attention of the SB by specific reports or that emerge during the supervisory activity of the same;
- verify that the Management Audits envisaged in the Model for the various types of crimes are effectively adopted and implemented and meet the requirements of compliance with L. Decree 231/01, providing, otherwise, to propose corrective actions and updates of the same;
- promote suitable initiatives aimed at disseminating knowledge and understanding of the Model.

For the performance of the functions and tasks indicated above, the following powers are attributed to the SB:

- broadly and extensively access the various corporate documents and, in particular, those relating to relationships of a contractual nature and not established by the Company with third parties;
- make use of the support and cooperation of the various company structures and corporate bodies that may be interested, or in any case involved, in the control activities;
- prepare an annual plan of checks on the adequacy and functioning of the Model;
- monitor that the mapping of the Areas at Risk is constantly updated, proposing any proposals for modification of the same, according to the methods and principles followed in the adoption/updating of this Model;
- confer specific consultancy and assistance assignments to expert professionals in legal matters. For this purpose, in the resolution of the Board of Directors with which it is appointed, the SB is assigned specific spending powers (budget).

3.7. Information obligations with respect to the Supervisory Body

Article 6, paragraph 2, point d) of L. Decree 231/01 establishes that the Model must provide for information obligations towards the SB, concerning in particular any violations of the Model, corporate procedures or the Snaitech Group's Code of Ethics.

The SB must be promptly informed by all corporate subjects, as well as by third parties required to comply with the provisions of the Model, of any news relating to the existence of possible violations of the same.

The information obligation is also addressed to all corporate functions and to the structures deemed to be at risk of committing predicate crimes referred to in the Mapping of Areas at Risk of Crime contained in the Model.

In particular, the information flows to the SB can be classified into:

1) ***specific periodic/occasional information flows that may derive from company subjects present in Risk Areas;***
2) ***reports.***

- ***<u>Specific periodic/occasional information flows:</u>***
  - ✓ The provisions and/or news from judicial police bodies or from any other authority, from which it can be inferred that investigations are being carried out for the crimes referred to in the Decree that may involve the Company, also initiated against unknown persons;
  - ✓ Copy of communications, requests for information or orders to exhibit documentation to/from any public authority directly or indirectly connected to circumstances that may give rise to liability in compliance with the Decree;
  - ✓ Requests for legal assistance submitted by managers and employees , in the event of the initiation of legal proceedings for the crimes provided by the Decree;
  - ✓ any omission, negligence or falsification in bookkeeping or in keeping the documentation on which the accounting records are founded;
  - ✓ the updates of the system of powers and delegations;
  - ✓ decisions relating to the request, disbursement and use of any public funding;
  - ✓ annual financial statements, accompanied by the explanatory notes, as well as the biannual balance sheet;
  - ✓ the tasks assigned to the auditing firm;
  - ✓ communications, by the Sole Auditor/Board of Statutory Auditors and/or the independent auditors, relating to any critical issue that has emerged, even if resolved;
  - ✓ any presumed or verified breach of the principles contained in the Model, of the Snaitech Group's Code of Ethics, of corporate procedures, and any other potentially relevant aspect for the purposes of applying the Decree;
  - ✓ results of any internal audits conducted on areas at risk of crime and reporting of any non-conformities found;
  - ✓ the reports of the disciplinary proceedings initiated by the Company in relation to the violation of the Model, of the Code of Ethics of the Snaitech Group, of the company procedures and of the sanctions applied at the outcome of the proceeding, with the specification of the reasons which legitimised the imposition, as well as the any decisions to dismiss or not apply the sanctions;

- ✓ any newly issued, modified and/or supplemented operating procedures and any updates to the Company's corporate organisational system, relevant for the purposes of the Model;
- ✓ each report concerning the operation and updating of the Model and the Code of Ethics of the Snaitech Group;
- ✓ reports on planned corporate training activities;
- ✓ any communication from the independent auditors regarding possible deficiencies in the internal control system, reprehensible facts, observations on the Company's financial statements;
- ✓ the periodic report on the cases of accidents at work, near-miss accidents, accidents and occupational diseases for each company site, with an indication of the centres/departments in which they occurred and the causes of these accidents;
- ✓ the inspection reports of the competent authorities which have highlighted organisational deficiencies with reference to occupational health and safety.
- ✓ the summary of pending disputes concerning administrative liability pursuant to the Decree;
- ✓ copy of the minutes of the meetings *pursuant to* article 35 of L. Decree 81/08;
- ✓ communications relating to any DVR updates;
- ✓ the summary reports of the minutes which highlighted findings during the inspections carried out by the Public Authorities;
- ✓ the list of gifts and entertainment expenses paid to representatives of the Public Administration;
- ✓ the list of professional assignments and consultancies assigned to third parties;
- ✓ the list of sponsorship contracts entered into during the period.

- ***Reports:***

  - ✓ information from all sources, anonymous or not, concerning the possible commission of crimes or in any case violations of the SRI Model.

In any case, the managers of the Offices involved in the activities at risk communicate to the SB any useful information to facilitate the performance of checks on the correct implementation of the Model. In particular they must communicate to the SB any anomaly or atypicality found in the context of the activities carried out and the relative available information.

Reports to the SB must be made in writing and sent to the specifically established e-mail address odvsnaireteitalia@snaireteitalia.it or even anonymously and sent in writing to the Body.

The Company's SB acts in such a way as to guarantee the whistleblowers against any type of retaliation, understood as an act that may give rise to even the mere suspicion of being a form of discrimination or penalisation.

The SB guarantees adequate confidentiality to persons who report information or make reports, without prejudice to legal obligations and the protection of the Company's rights. With this in mind,

SRI equipped itself, among others, with a reporting channel that manages reports in *outsourcing*.

3.8. The regulation on the protection of reporters of crimes or irregular conducts (the so-called *"whistleblowing"*)

The recent legislation on the protection of those who report crimes or irregularities, also known as *"whistleblowing"*, deserves a separate mention.

As of 29 December 2017, the law of 30 November 2017 no. 179, laying down provisions for the protection of the reporters of crimes or irregular conducts of which they have become aware in the context of a public or private employment relationship. The new law, in addition to innovating the legislation already in force for public employees (including economic public institutions and private law institutions under public control), extends for the first time the protection of the reporting subject to the private sector by intervening directly on L. Decree 231/01 through the introduction of three new paragraphs to art. 6 (c. 2-bis, c. 2-ter and c. 2-quater) which impose a series of obligations on companies that have adopted an Organisation, Management and Control Model.

And in fact, ***par. 2-bis*of new art. 6 of L. Decree 231/01** establishes that the Organisation, Management and Control Model must include:

- one or more channels – suitable for guaranteeing the confidentiality of the identity of the whistleblower – which allow subjects in senior positions (persons who hold representation, administration or management functions of the institution) or persons subject to the management or supervision of the latter, to submit detailed reports based on elements of precise and concordant facts with regard to significant illegal conduct pursuant to L. Decree 231/2001 or reports on violations of the provisions of the Model, of which they have become aware due to the functions performed;
- at least one alternative reporting channel suitable for guaranteeing, using IT methods, the confidentiality of the identity of the whistleblower.

The same paragraph also envisages:

- the prohibition of retaliatory or discriminatory acts, direct or indirect, against the whistleblowers for reasons connected, directly or indirectly, to the report;
- that in the disciplinary system implemented pursuant to paragraph 2, letter e) of the same art. 6 of L. Decree 231/2001, sanctions are envisaged against those who violate the measures to protect the whistleblower, as well as those who intentionally or with gross negligence make reports that turn out to be unfounded (cf. *above* par. 4.7).

Par. 2-ter of art. 6 provides that the whistleblower is protected for the report forwarded, also from a labour law point of view: the adoption of discriminatory measures against him/her can be reported to the National Labour Inspectorate not only by the whistleblower but also, in his/her place, by the organisation indicated by the latter, so that the same Inspectorate adopts the measures within its competence.

Finally, ***par. 2-quater*** establishes the voidness of the retaliatory or discriminatory dismissal of the whistleblower, as well as the voidness of any change of duties pursuant to article 2103 of the Italian

Civil Code, as well as any other retaliatory or discriminatory measure implemented against the whistleblower: in case dispute concerning these issues, the burden of demonstrating that the measure taken against the worker is based on reasons unrelated to the reporting falls on the employer.

Therefore, the Company must to act in such a way as to guarantee the whistleblowers against any form of retaliation, discrimination or penalisation, also ensuring the confidentiality of the identity of the whistleblower, without prejudice to legal obligations and the protection of the rights of the Company itself or of the persons involved, as well as the reputation of the person(s) reported.

Furthermore, it should be noted that, on 15 March 2023, L. Decree 10 March 2023, no. 24 (in force since 30 March 2023) was published, which has made substantial changes and additions to the entire *Whistleblowing* regulation, expanding the scope of application of the regulation (both objectively and subjectively) and extending the scope of the protections envisaged for reporters and for people close to them. The Company, in coordination with the parent company SNAITECH, has started the process of adapting to the legislation described above.

It should also be noted that, in addition to the traditional reporting channels - reported under 3.7 - Snai Rete Italia S.r.l. has for some time been equipped with an application solution, "COMUNICA WHISTLEBLOWING", which *outsources* communications and allows employees to send reports of violations, potential or actual, relevant pursuant to L. Decree 231/01, L. Decree 231/07, as well as the principles defined by the Code of Ethics of the Snaitech Group of which they have become aware during the performance of their duties. This application ensures maximum protection - anonymity and confidentiality - to the employee who decides to report an offence through this system.

The company has provided its personnel with the User Manual for using the application, implemented a specific procedure called "Reporting of offences and irregular conducts" and administered training sessions on the subject.

3.9.Disclosure obligations of the Supervisory Body

Given that the responsibility for adopting and effectively implementing the Model remains with the Company's Board of Directors, the SB reports on the implementation of the Model and on the occurrence of any critical issues.

The SB is responsible towards the Board of Directors for:

- communicate, at the beginning of each financial year and in the context of its annual report, the plan of activities it intends to carry out in the same year in order to fulfil the assigned tasks. This plan is approved by the Board of Directors itself;
- report, in the context of its half-yearly and yearly report, the progress of the plan of activities, together with any changes made to the same, as well as with regard to the implementation of the Model.

Furthermore, the SB promptly notifies the Chief Executive Officer of any problems connected to the activities, where relevant.

In addition to the Board of Directors, the SB may periodically report to the Sole Auditor on its activities.

The SB may request to meet with the aforementioned bodies to report on the functioning of the Model or on specific situations.

The meetings with the corporate bodies to which the SB reports must be recorded in the minutes. A copy of these minutes is kept by the SB and by the bodies involved from time to time.

The SB may also, by assessing the individual circumstances:

(a) communicate the results of its assessments to the heads of functions and/or processes should aspects that could be improved arise from the activities. In this case, it will be necessary for the SB to share a plan of improvement actions with the process managers, with the relative timing, as well as the result of this implementation;

(b) report behaviours/actions not in line with the Model to the Board of Directors and the Sole Auditor in order to:

- ✓ acquire from the Board of Directors all the elements to make any communications to the structures responsible for the assessment and application of disciplinary sanctions;
- ✓ give indications for the removal of deficiencies in order to avoid the recurrence of the event.

The SB has the obligation to immediately inform the Sole Auditor if the violation concerns the Board of Directors.

Finally, as part of the activities of the SNAITECH Group, the Company's SB coordinates with the other Group SBs.

4 PENALTY SYSTEM

4.1. General principles

The Company acknowledges and declares that the preparation of an adequate Penalty System for the violation of the rules and provisions contained in the Model and in the related Management Audits is an essential condition for ensuring the effectiveness of the Model itself.

In this regard, in fact, articles 6, paragraph 2, letter e) and 7, paragraph 4, letter b) of the Decree provide that the Organisationa, Management and Control Models must *"introduce a disciplinary system suitable for sanctioning failure to comply with the measures indicated in the model"*, for Top Managers and Subordinates.

In compliance with article 2106 of the Italian Civil Code, with reference to subordinate employment relationships, this Penalty System integrates, to the extent not expressly provided for and limited to the cases contemplated therein, the National Collective Labour Agreements applied to employees.

The Penalty System is divided into sections, according to the classification category of the recipients in compliance with article 2095 of the Italian Civil Code.

The violation of the rules of conduct and of the measures envisaged by the Model, by employees and/or managers of the Company, constitutes a breach of the obligations deriving from the employment relationship, pursuant to articles 2104 and 2106 of the Italian Civil Code.

The application of the sanctions described in the Penalty System is independent of the outcome of any criminal proceeding, as the rules of conduct imposed by the Model and the related Management Audits are assumed by the Company in full autonomy and regardless of the type of offences referred to in the Decree.

More precisely, failure to comply with the rules and provisions contained in the Model and in the related Management Audits, in itself harms the relationship of trust existing with the Company and leads to sanctions, regardless of the possible establishment or outcome of a criminal trial, in cases where the violation constitutes a crime. This also in compliance with the principles of promptness and immediacy of the dispute (including of a disciplinary nature) and the imposition of sanctions in compliance with the applicable laws on the matter.

For the purposes of assessing the effectiveness and suitability of the Model to prevent the crimes indicated by L. Decree 231/01, it is necessary for the Model to identify and sanction behaviours that may favour the commission of crimes.

The concept of Penalty System leads us to believe that the Company must proceed with a graduation of the applicable sanctions, in relation to the different degree of danger that the behaviours may present with respect to the commission of the offences.

This is because art. 6, paragraph, 2 of L. Decree no. 231/2001, in listing the elements that must be found within the models prepared by the company, in letter e) expressly provides that the company has the burden of "*introducing a disciplinary system suitable for sanctioning failure to comply with the measurements indicated by the model*".

A Penalty System has therefore been prepared which, first of all, sanctions all infringements of the Model, from the slightest to the most serious, through a system of *gradual* sanctions and which,

secondly, respects the principle of *proportionality* between the violation detected and the sanction imposed.

Regardless of the nature of the Penalty System required by L. Decree 231/01, it remains the basic characteristic of the disciplinary power that belongs to the Employer, referred, in compliance with article 2106 of the Italian Civil Code, to all categories of workers and exercised regardless of the provisions of the collective bargaining agreement.

4.2. Definition of "Violation" for the purposes of the operation of this Penalty System

By way of general and purely exemplifying purposes, the following constitutes a "Violation" of this Model and the related Management Audits:

a) the implementation of actions or behaviours that do not comply with the law and with the provisions contained in the Model itself and in the related Management Audits which involve the commission of one of the crimes contemplated by the Decree;

b) the implementation of actions, or the omission of actions or behaviours prescribed in the Model and in the related Management Audits, which involve a situation of mere risk of committing one of the crimes contemplated by the Decree;

c) the omission of actions or behaviours prescribed in the Model and in the related Management Audits which do not involve a risk of committing one of the offences contemplated by the Decree.

In compliance with art. 6 c. 2-bis lett. d) (introduced by Law 30/11/2017 no. 291) violations of the measures aimed at protecting the whistleblower of unlawful conduct or violations of the Organisation, Management and Control Model (so-called *whistleblowing*) are also punishable abuses of the same by carrying out, with willful misconduct or gross negligence, reports which later turn out to be unfounded.

4.3. Criteria for the imposition of sanctions

The type and extent of the specific sanctions will be applied in proportion to the seriousness of the violation and, in any case, on the basis of the following general criteria:

- subjective element of the conduct (malice, fault);
- relevance of the violated obligations;
- potential of the damage deriving to the Company and of the possible application of the sanctions envisaged by the Decree and by any subsequent amendments or additions;
- level of hierarchical or technical responsibility of the stakeholder;
- presence of aggravating or mitigating circumstances, with particular regard to previous work performed by the Recipient of the Model and previous disciplinary measures;
- any sharing of responsibility with other employees or third parties in general who have contributed to causing the violation.

If several infractions have been committed with a single act, punished with different sanctions, only the most serious sanction will be applied.

The principles of timeliness and immediacy of the dispute impose the imposition of the sanction (also and above all disciplinary) regardless of the possible establishment and/or outcome of a criminal trial.

In any case, disciplinary sanctions to employees must be imposed in compliance with article 7 of Law 300/70 (hereinafter also the "Workers' Statute") and all other existing legislative and contractual provisions on the matter.

4.4. The sanctions

4.4.1. Employees: disciplinary offences

Disciplinary offences are defined as behaviours by employees, including managers and employees of the POS, in violation of the rules and behavioural principles set out in the Model. The type and extent of the sanctions applicable to individual cases may vary in relation to the seriousness of the shortcomings and on the basis of the following criteria:

- conduct (malice or negligence);
- duties, qualification and level of the employee;
- relevance of the violated obligations;
- potential for harm arising from SRI;
- recurrence.

In case of commission of several violations, punishable by different sanctions, the most serious sanction shall be applied. The violation of the provisions may constitute a breach of the contractual obligations, in compliance with articles 2104, 2106 and 2118 of the Italian Civil Code, of the Workers' Statute, as well as with Law 604/66, of the CCNL applied and in force, with the applicability, in the most serious cases of article 2119 of the Italian Civil Code

4.4.2. Correlation criteria

In order to clarify in advance the correlation criteria between the shortcomings of the workers and the disciplinary measures adopted, the Board of Directors classifies the actions of the directors, employees and third parties as follows:

- behaviours such as to recognise a failure to execute orders given by SRI both in written and verbal form, in the execution of activities at risk of crime, such as, for example: violation of procedures, regulations, written internal instructions, minutes or of the Code of Ethics of the Snaitech Group that integrate the details of slight negligence (minor violation);
- conduct such as to identify a serious infringement of discipline and/or diligence at work such as the adoption, in carrying out activities at risk of crime, of the conduct referred to in the *bullet* above, committed with wilful misconduct or gross negligence (serious breach);

- behaviours such as to cause serious moral or material harm to the Company, such as not to allow the continuation of the relationship even temporarily, such as the adoption of behaviours that integrate the details of one or more predicate crimes or in any case aimed unequivocally at the commission of such crimes (violation of serious entity and with prejudice to SRI).

Specifically, there is a failure to comply with the Model in the case of violations:

- carried out as part of the "sensitive" activities referred to in the "instrumental" areas identified in the Summary document of the Model (Special Parts A, B, C, D, E, F, G, H, I);
- suitable to integrate the mere fact (objective element) of one of the crimes envisaged in the Decree;
- aimed at committing one of the offences envisaged by the Decree, or in any case there is a danger that the Company's liability according to the Decree may be contested.

In addition, violations in the field of health and safety in the workplace (Special Part C) are specifically highlighted, also ordered according to an increasing order of seriousness.

In particular, there is a failure to comply with the Model if the violation causes:

- a situation of concrete danger to the physical integrity of one or more people, including the author of the violation;
- an injury to the physical integrity of one or more persons, including the infringer;
- an injury, qualifying as "serious" pursuant to article 583, paragraph 1, of the Italian Criminal Code, to the physical integrity of one or more persons, including the perpetrator of the violation;
- an injury to physical integrity, which can be qualified as "very serious" pursuant to article 583, paragraph 2, of the Italian Criminal Code;
- the death of one or more people, including the infringer.

4.4.3. Sanctions applicable to managers and employees

In compliance with the provisions of the disciplinary procedure of the Workers' Statute, the CCNL "***Sectors of commerce***", as well as all other legislative and regulatory provisions on the subject, the worker, responsible for actions or omissions conflicting with the provisions of the Model, also taking into account the seriousness and/or recurrence of the conduct, is subject to the following disciplinary sanctions:

- verbal reprimand (minor violations);
- written reprimand;
- fine not exceeding four hours of hourly pay;
- suspension from pay and service for a maximum period of 10 days;
- disciplinary dismissal for "justified subjective reason";
- disciplinary dismissal for "just cause".

4.4.4. Sanctions applicable to executives

Although the disciplinary procedure *in compliance with* article 7 of Law 300/70 is not applicable to executives, it is appropriate to provide for the procedural guarantee provided by the Workers' Statute also for executives.

In the event of a violation, by managers, of the principles, rules and internal procedures set out in this Model or of adoption, by the same, in the performance of activities included in sensitive areas, of a behaviour that does not comply with the provisions of the Model itself, the provisions indicated below will be applied against those responsible, also taking into account the seriousness of the violation/s and any recurrence.

Also in consideration of the particular fiduciary bond, the position of guarantee and supervision of compliance with the rules established in the Model which characterises the relationship between the Company and the manager, in compliance with the provisions of the law in force and the National Collective Labour Agreement of managers applicable to the body, in the most serious cases, dismissal with notice or dismissal for just cause will take place.

Considering that these measures involve the termination of the employment relationship, the Company, in implementation of the principle of proportionality of the sanction, reserves the right, for less serious violations, to apply the measure of written reprimand or suspension from service and from economic treatment up to a maximum of ten days.

The right to compensation for any damage caused to the company by the Executive remains unaffected.

4.4.5. Provisions against Directors and Statutory Auditors

- **Measures against the Directors**

In the event of a violation of the Model by one or more members of the Board of Directors, the SB must inform the Sole Auditor and the entire Board of Directors who take the appropriate measures including, for example, convening the Shareholders' Meeting in order to adopt the most suitable measures envisaged by law and/or revoke any proxies conferred on the director in compliance with the provisions set out in articles 2476 et seq. of the Italian Civil Code.

- **Measures against Auditors**

In the event of violation of this Model by the Sole Auditor, the SB informs the Sole Auditor and the BoD, whose Chairman will take the appropriate measures including, for example, convening the Shareholders' Meeting in order to adopt the appropriate measures envisaged by law.

4.4.6. Disciplinary procedure for employees

The Company adopts a standard company procedure for contesting disciplinary charges against its employees and for the imposition of the related sanctions, which complies with the forms, methods and timing established by art. 7 of the Workers' Statute, by the CCNL "***Sectors of Commerce***", as well as by all other legislative and regulatory provisions on the subject.

Following the occurrence of a possible violation of this Model and the related procedures, pursuant to point 4.2 above, by an employee, the incident must be promptly reported to the Chief Executive Officer who, with the support of the competent functions assesses the seriousness of the behaviour reported in order to establish whether it is necessary to formulate a disciplinary complaint against the employee concerned.

In the hypothesis in which the opportunity to impose a more serious disciplinary sanction than the verbal reprimand is assessed, the Chief Executive Officer, with the support of the competent functions, formally contests, through a specific written Disciplinary Challenge, the disciplinary behaviour relevant to the employee concerned and invites him/her to communicate any justifications within 5 days of receipt of the aforementioned Dispute.

The written Disciplinary Complaint and any justifications from the employee concerned must be promptly sent for information to the SB, which can express a reasoned opinion on the seriousness of the breach and the sanctions to be applied.

After at least five days from the delivery of the Disciplinary Complaint, the Chief Executive Officer, with the support of the competent functions and taking into account the reasoned opinion, in any case not binding, of the SB, as well as any justifications from the employee, decides whether to impose a sanction among those foreseen (written warning, suspension from work and salary for up to 6 working days, and dismissal), depending on the seriousness of the violation or the disputed charge. Any sanction imposed must be promptly communicated to the SB.

The functioning and correct application of the Protocols for contesting and sanctioning disciplinary offences is constantly monitored by the Board of Directors and the SB.

4.4.7. Sanctions Applicable to Third Parties

In the event of violation of the Model, the Company may:

- challenge the non-fulfilment to the Recipient, with the simultaneous request to fulfil the contractual obligations assumed and provided for by the Model, by the company procedures and by the Code of Ethics of the Snaitech Group, if necessary by granting a term or immediately;
- request compensation for damages equal to the consideration received for the activity carried out in the period starting from the date of ascertainment of the violation of the recommendation to the effective fulfilment;
- automatically terminate the existing contract for serious breach, *pursuant to* articles 1453 and 1455 of the Italian Civil Code.

4.5. Breach log

The Company prepares a specific register of breaches, containing the indication of the perpetrators, as well as the sanctions adopted against them.

The register, kept by the competent function for human resources of SRI, must be constantly updated and can be consulted at any time by the SB, the Board of Directors and the Sole Auditor.

In relations with third parties, registration in this register entails the prohibition of establishing new contractual relationships with the interested parties, unless otherwise decided by the Board of Directors.

5 MODEL UPDATE

The adoption and effective implementation of the Model constitute a responsibility of the Board of Directors by express legislative provision.

Therefore, the power to update the Model - which is the expression of an effective implementation of the same - belongs to the Board of Directors, which exercises it directly by means of a resolution and with the methods envisaged for the implementation of the Model.

The updating activity, understood both as an integration and as a modification, is aimed at guaranteeing the adequacy and suitability of the Model, assessed with respect to the preventive function of committing the crimes indicated by L. Decree 231/01.

The Supervisory Body is responsible for supervising the updating of the Model, in compliance with the provisions of this Document.

6 PERSONNEL INFORMATION AND TRAINING

6.1. Dissemination of the Model

The methods of communication of the Model must be such as to guarantee its full publicity, in order to ensure that the Recipients are aware of the procedures and controls that they must follow in order to correctly fulfil their duties or the contractual obligations established with the Company.

The objective of SRI is to communicate the contents and principles of the Model also to the Subordinates and to Third Parties, who find themselves operating - even occasionally - for the achievement of the Company's objectives by virtue of contractual relationships.

To this end, the Model is permanently archived in the appropriate Document archive, accessible by all Top Managers and Subordinates. In this "Archive", moreover, all the information deemed relevant for the knowledge of the contents of the Decree and its implications for SRI are available.

As far as third parties are concerned, an extract of this Document is sent to the same with the express contractual obligation to comply with the relevant provisions.

The communication and training activity is supervised by the SB, making use of the competent structures which are assigned, among others, the tasks of:

- promote initiatives for the dissemination of knowledge and understanding of the Model, the contents of L. Decree 231/01 and the impacts of the legislation on SRI's business;
- promote personnel training and awareness of compliance with the principles contained in the Model;
- promote and coordinate initiatives aimed at facilitating knowledge and understanding of the Model by the Recipients.

6.2. Personnel training

The training activity is aimed at promoting knowledge of the legislation referred to in L. Decree 231/01. This knowledge implies that an exhaustive picture of the legislation itself is provided, of the practical implications that derive from it, as well as of the contents and principles on which the Model is based. All Top Managers and Subordinates are therefore required to know, comply with and respect these contents and principles, contributing to their implementation.

To ensure effective knowledge of the Model, the Code of Ethics of the Snaitech Group, the Group Policies and the Management Audits to be adopted for the correct performance of the activities, specific mandatory training activities are therefore envisaged for the Top Managers and Subordinates of SRI by deliver in different ways, depending on the Recipients and in line with the delivery methods of the training plans in use at the Company.