

Italian Legislative Decree 231/01
Organisation, Management and Control Model of SNAI S.p.A.

12 April 2016

**Organisation, Management and
Control Model of SNAI S.p.A. for the
purposes of Italian Legislative Decree
231/01**

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DEFINITIONS

The words and expressions beginning with a capital letter will have the meaning specified below:

“Risk Areas”:	The business Areas and corporate processes that are exposed to the risk of offences, either directly or instrumentally;
“Corporate Controls”:	The system of delegation of authority, powers of attorney, procedures and internal controls aimed at ensuring adequate transparency and knowledge of the decision-making processes, as well as the conduct that must be engaged in by Senior Management and by Subordinate Persons operating in the business areas;
“Recipients”:	Corporate Bodies, Auditing Firm, Personnel (Senior Management and Subordinate Persons) and Third Parties;
“Leg. Decree 231/01” or “Decree”:	Italian Legislative Decree no. 231 of 8 June 2001;
“Document”:	This Document;
“Guidelines”:	The guidelines, approved by Confindustria on 7 March 2002 and subsequently updated, for the development of Organisation, Management and Control Models pursuant to Italian Legislative Decree 231/01;
“Model”:	This Document, including the Special Parts (A, B, B1, C, D, E, F, G, H, I, L, M, N), the System of Sanctions, the Code of Ethics and the Corporate Controls. The Model, therefore, does not only include this Document but all further related documents;
“Supervisory Board” or “SB”:	The Board appointed pursuant to article 6 of Italian Legislative Decree 231/01 and having the duties referred

	to therein;
“Crimes against the Public Administration”:	The crimes pursuant to articles 24 and 25 of Leg. Decree 231/01, listed in this Document;
“Computer Crimes”:	The crimes pursuant to articles 24- <i>bis</i> of Leg. Decree 231/01, listed in this Document;
“Organised crime offences”:	The crimes pursuant to articles 24- <i>ter</i> of Leg. Decree 231/01, listed in this Document;
“Crimes regarding forgery of money, public credit cards and stamp duties”:	The crimes pursuant to articles 25- <i>bis</i> of Leg. Decree 231/01, listed in this Document;
“Crimes against the industry and trade”:	The crimes pursuant to articles 25- <i>bis-1</i> of Leg. Decree 231/01, listed in this Document;
“Corporate crimes”:	The crimes pursuant to articles 25- <i>ter</i> of Leg. Decree 231/01, listed in this Document;
“Market abuse crimes”:	The crimes pursuant to articles 25- <i>sexies</i> of Leg. Decree 231/01, listed in this Document;
“Crimes involving Health and Safety at Work”:	The crimes pursuant to articles 25- <i>septies</i> of Leg. Decree 231/01, listed in this Document;
“Crimes of Receiving Stolen Goods, Money Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origin, as well as Self-laundering”:	The crimes pursuant to articles 25- <i>octies</i> of Leg. Decree 231/01, listed in this Document;
“Copyright crimes”:	The crimes pursuant to articles 25- <i>novies</i> of Leg. Decree 231/01, listed in this Document;
“Crime of inducement not to make statements or to make false statements to the judicial authorities”:	The crimes pursuant to articles 25- <i>decies</i> of Leg. Decree 231/01, listed in this Document;
“Environmental crimes”:	The crimes pursuant to articles 25- <i>undecies</i> of Leg. Decree 231/01, listed in this Document;

“Crime of employing illegally staying third country nationals”:	The crimes pursuant to articles 25- <i>duodecies</i> of Leg. Decree 231/01, listed in this Document;
“Code of Ethics”:	The fundamental principles from which SNAI S.p.A. draws inspiration and to which it adapts its activities;
“Document Archive”:	The document archive, which is accessible to Senior Management and Subordinate Persons, containing the documents related to this Document;
“Company”:	SNAI S.p.A.;
“System of Sanctions”:	The disciplinary system and related sanction mechanism applied in the event of violation of the Model;
“Senior Management”:	Pursuant to article 5 of Leg. Decree 231/01, the persons holding a representation, administration and management role in the entity or one of its organisational units provided with financial and functional independence, as well as by persons who, de facto or otherwise, manage and control the entity;
“Subordinate Persons”:	Pursuant to article 5 of Leg. Decree 231/01 and on the basis of prevailing legal theory, persons – whether employed or not – subject to the direction and supervision of Senior Management;
“Third Parties”:	All external parties: consultants, suppliers, partners (where existing), the Sales Network, and all those that – although external to the Company – operate directly or indirectly for SNAI.

1. ADMINISTRATIVE LIABILITIES OF ENTITIES

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

Italian Legislative Decree no. 231 of 8 June 2001 (hereinafter “Leg. Decree 231/01” or “Decree”) concerning the “*Regulations governing the administrative liability of legal persons, companies and associations including those without legal status*” introduced the liability of entities in the Italian legal system.

The Decree adapted Italian legislation on the liability of legal persons to a number of international conventions previously signed by Italy, such as the Brussels Convention of 26 July 1995 and 26 May 1997 on the protection of the European Union’s financial interests and on combating the bribery of public officials both of the European Union and of Member States, and the OECD Convention of 17 December 1997 on combating the bribery of foreign public officials in economic and international transactions.

The Decree introduced significant regulatory and cultural changes: alongside the criminal liability of the natural person who commits an offence, the criminal liability of the Entity to the advantage or in the interest of which the offence is committed is also envisaged by the Decree.

The provisions referred to in the Decree are applied, by express provision of article 1 of the Decree, to the following “parties” (hereinafter the “Entities”):

- *Entities provided with legal status;*
- *Companies and associations also without legal status.*

With reference to the nature of the Entities’ administrative liability according to the Decree, the Explanatory Report accompanying the Decree underlined that it is a “*tertium genus that combines the basic traits of the criminal and administrative system in an attempt to balance the reasons of preventive effectiveness with the even more unavoidable ones of maximum guarantee*”.

The regulation in question is the result of a legislative technique that, by changing the principles of criminal and administrative offences, introduced a system for punishing corporate crimes in our legislation, which was added to and integrated into the existing sanctioning measures: the Criminal Court responsible for judging the offender is also required to evaluate the Entity’s administrative liability in the same proceedings and to apply the sanction according to legislation and according to the typical timeframe of criminal procedures.

The Entity’s administrative liability is independent with respect to the liability of the natural person committing the offence. In fact, the Entity is considered to be liable even if the author of the crime has not been identified or cannot be charged of the offence or if the offence is no longer punishable for reasons other than amnesty (article 8 of the Decree).

In any case, the Entity's liability is additional to and does not replace the liability of the natural person who commits the offence.

1.2 The criteria for imputation of the Entity's liability and exemption from liability

In the event that one of the predicate offences (illustrated in following paragraph 1.3) is committed, the Entity is liable only if specific conditions occur, which are defined as criteria for imputation of the Entity's liability and are divided into "*objective*" and "*subjective*" criteria.

The **first objective condition** is that the predicate offence must have been committed by a person connected to the Entity by a qualified relationship. Article 5 of the Decree establishes that the authors of the crime are:

- *Persons holding a representation, administration and management role in the entity or one of its organisational units provided with financial and functional independence, as well as by persons who, de facto or otherwise, manage and control the entity* (Senior Management);
- *Persons subject to the direction and supervision of Senior Management* (Subordinate Persons).

The **second objective condition** is that the crime be committed by the aforementioned persons "*in the interest or for the benefit of the company*" (article 5, paragraph 1 of the Decree):

- "*Interest*" exists when the author of the crime has acted with the intent to help the Entity, regardless of whether the objective has been reached;
- "*Benefit*" exists when the Entity has drawn, or could have drawn, a positive result from the crime, not necessarily of an economic nature.

By express wish of legislature, the Entity is not liable in cases where Senior Management or Subordinate Persons have acted "*in their own exclusive interest or in the interest of third parties*" (article 5, paragraph 2 of the Decree).

The criterion of "*interest or benefit*" is consistent with the intent of intentional crimes and is in itself not compatible with the unintentional nature of the predicate offences referred to in article 25-*septies* of the Decree (manslaughter and injury through negligence).

In these latter cases, the unintentional component (entailing the lack of intent) would lead to excluding the arising of predicate offences in the interest of the Entity. However, according to the most accredited interpretation, the criterion for attributing unintentional crimes lies in the fact that non-compliance with accident prevention regulations is a tangible advantage for the Entity (at least with regard to the lower costs resulting from said non-compliance). It is clear, therefore, that non-compliance with accident prevention regulations leads to a benefit for the Entity.

With regard to the **subjective criteria** considered for imputation of the crime to the Entity, they establish the conditions upon which the crime is "attributable" to the Entity: in order for it not to be

charged with the crime from a subjective viewpoint, the Entity must demonstrate that it has done everything in its power to organise itself, run its own business and check that while carrying out its business activities it has not committed one of the predicate-offences listed in the Decree.

For this reason, the Decree establishes that the Entity's liability may be excluded if, prior to commission of the event:

- Organisation and Management Models have been prepared and implemented that are suitable for preventing the commission of crimes;
- A control body (Supervisory Board) has been set up, with powers of autonomous initiative and tasked with the duty of supervising the functioning of the Organisation and Management Models.

In the event of crimes committed by Senior Management, legislation has provided for a presumption of fault for the Entity, in consideration of the fact that Senior Management expresses, represents and realises the management policy of the Entity itself: the Entity's liability is excluded only when it demonstrates that the crime was committed by fraudulently circumventing the existing Organisation, Management and Control Model (hereinafter, the "Model") and that there has been inadequate control by the Supervisory Board (hereinafter also "SB"), specifically appointed to oversee the proper implementation of the Model and its effective observance (article 6 of the Decree)¹. In these cases, therefore, the Decree requires proof of non involvement in the events, since the Entity must prove that the Model has been intentionally circumvented by Senior Management.

In the event that the crime was committed by a Subordinate Person, the Entity will be liable only if the commission of the crime was made possible because of non-observance of the management and supervision obligations: in this case, the Entity is not liable if it has adopted behavioural protocols, on the basis of the type of organisation and business carried out, which are appropriate for ensuring that the business is carried out in compliance with the law and for detecting and eliminating risk situations in a timely manner (article 7, paragraph 1 of the Decree)². This case is considered a real "*organisational fault*" because the Entity has indirectly approved the commission of the crime since it did not adequately oversee the activities and the persons at risk of committing a predicate-offence.

¹ Pursuant to article 6, paragraph 1 of Leg. Decree 231/01, "*If the crime has been committed by an individual indicated in article 5, paragraph 1, letter a) [Senior Management] the entity is not liable if it can prove that: a) the governing body had adopted and efficiently implemented, before the crime was committed, appropriate organisational and management models to prevent offences of the kind that occurred; b) the task of overseeing the implementation, observance and updating of the models was entrusted to a body belonging to the Entity with independent powers of initiative and control; c) the individuals committed the crime by fraudulently circumventing the organisation and management models; d) there was not omission or insufficient control by the body referred to in letter b)*".

² Pursuant to article 7, paragraph 1 of Leg. Decree 231/01, "*In the case referred to article 5, paragraph 1, letter b) [Subordinate Persons], the entity is liable if the commission of the crime was made possible due to non-observance of the management and supervision obligations*".

1.3 Crimes and offences that determine administrative liability

Although originally envisaged for Crimes against the Public Administration or against the assets of the Public Administration, the Entity's liability has been extended – by effect of the regulatory measures subsequent to Leg. Decree 231/01 – to many other administrative crimes and offences.

Specifically, Entities' administrative liability may arise from the crimes/offences listed in Leg. Decree 231/01 and more precisely:

- i. Crimes against the Public Administration (articles 24 and 25 of Leg. Decree 231/01);
- ii. Computer crimes, introduced by article 7 of Italian Law no. 48 of 18 March 2008, which introduced article 24-*bis* in Leg. Decree 231/01;
- iii. Organised crime offences, introduced by article 2, paragraph 29, of Italian Law no. 94 of 15 July 2009, which introduced article 24-*ter* in Leg. Decree 231/01;
- iv. Crimes regarding forgery of money, public credit cards and stamp duties introduced by article 6 of Italian Law no. 406 of 23 November 2001, which introduced article 25-*bis* in Leg. Decree 231/01, as amended by article 15, paragraph 7, letter a) of Italian Law no. 99 of 23 July 2009;
- v. Crimes against the industry and trade, introduced by article 15, paragraph 7, letter b) of Italian Law no. 99 of 23 July 2009, which introduced article 25-*bis*.1 in Leg. Decree 231/01;
- vi. Corporate Crimes, introduced by Italian Legislative Decree no. 61 of 11 April 2002, which introduced article 25-*ter* in Leg. Decree 231/01;
- vii. Crimes committed for the purpose of terrorism or subversion of the democratic order, introduced by Italian Law no. 7 of 14 January 2003, which introduced article 25-*quater* in Leg. Decree 231/01;
- viii. Crimes involving the mutilation of female genital organs, introduced by Italian Law no. 7 of 9 January 2006, which introduced article 25-*quater*.1 in Leg. Decree 231/01;
- ix. Crimes against the Individual, introduced by Italian Law no. 228 of 11 August 2003, which introduced article 25-*quinqies* in Leg. Decree 231/01;
- x. Market abuse crimes, introduced by Italian Law no. 62 of 18 April 2005, which introduced article 25-*sexies* in Leg. Decree 231/01;
- xi. Crimes involving Health and Safety at Work, introduced by Italian Law no. 123 of 3 August 2007, which introduced article 25-*septies* in Leg. Decree 231/01;
- xii. Crimes of Receiving Stolen Goods, Money Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origin, as well as Self-laundering, introduced by Italian Legislative Decree no. 231 of 21 November 2007, which introduced article 25-*octies* in Leg. Decree 231/01;

- xiii. Copyright crimes, introduced by article 15, paragraph 7, letter c) of Italian Law no. 99 of 23 July 2009, which introduced article *25-novies* in Leg. Decree 231/01;
- xiv. Crime of inducement not to make statements or to make false statements to the judicial authorities, introduced by article 4 of Italian Law no. 116 of 3 August 2009, which introduced article *25-decies* in Leg. Decree 231/01;
- xv. Environmental Crimes, introduced by article 2 of Italian Legislative Decree no. 121 of 7 July 2011, which introduced article *25-undecies* in Leg. Decree 231/01;
- xvi. Crime of employing illegally staying third country nationals, introduced by Italian Legislative Decree no. 109 of 16 July 2012, regarding “*Implementation of directive 2009/52/EC providing for minimum standards of sanctions and measures against employers of illegally staying third country nationals*”, which introduced article *25-duodecies* in Leg. Decree 231/01;
- xvii. Transnational crimes, introduced by Italian Law no. 146 of 16 March 2006 “*Law ratifying and implementing the United Nations Convention and Protocols against transnational organised crime*”.

1.4 Sanctions provided for in the Decree against the Entity

The sanctions provided for in Leg. Decree 231/01 for administrative offences arising from crimes are the following:

- *Administrative monetary fines;*
- *Interdictory sanctions;*
- *Seizure;*
- *Publication of the sentence.*

The *administrative monetary* fines, governed by articles 10 *et sequitur* of the Decree, are the “*basic*” sanction that must be paid by the Entity through its own assets or through a common fund.

Legislation has adopted an innovative criterion to determine the extent of the sanction, by requiring the Judge to conduct two separate and subsequent evaluations. This allows the sanction to be adapted to the seriousness of the offence and to the Entity’s economic conditions.

During the first evaluation, the Judge determines the number of quotas (in any case, no lower than one hundred and no greater than one thousand) by taking into account:

- The seriousness of the fact;
- The Entity’s degree of liability;
- The activity carried out to eliminate or mitigate the effects of the offence and prevent the commission of further offences.

During the second evaluation, the Judge determines – within the minimum and maximum values established for the relevant offences – the value of each quota, ranging from a minimum of EUR 258.00 to a maximum of EUR 1,549.00. This amount is determined “*on the basis of the entity’s economic and equity-related conditions for the purpose of ensuring the effectiveness of the sanction*” (articles 10 and 11, paragraph 2 of Leg. Decree 231/01).

As set forth under point 5.1 of the Report to the Decree, “*As far as the methods for verifying the Entity’s economic and equity-related conditions are concerned, the judge may use the financial statements or other documents howsoever suitable to provide a picture of these conditions. In some cases, evidence may be gained also by taking into account the size of the entity and its position on the market. (...). The judge must immerse him/herself – with the help of consultants – in the company’s business, where he/she may draw on information regarding the entity’s economic, financial and equity-related soundness*”.

Article 12 of Leg. Decree 231/01 envisages a series of cases in which the monetary fine is reduced. They are briefly summarised in the following table, with indication of the reduction and of the requirements for application of the reduction.

The ***interdictory sanctions*** referred to in the Decree are reported below. They are applied only in relation to the crimes expressly provided for in the legislative text:

- Interdiction from exercising the corporate business;
- Suspension or revocation of authorisations, licences or concessions that are necessary to commit the offence;
- Prohibition from dealing with the Public Administration, except for obtaining the provisions of a public service;
- Exclusion from grants, loans, contributions and subsidies, and/or revocation of those already granted, if any;
- Prohibition from advertising goods or services.

In order for the sanctions to be imposed, at least one of the conditions referred to in article 13 of Leg. Decree 231/01 must take place, namely:

- “*The entity has obtained a considerable profit from the crime and the crime was committed by senior management or by individuals subject to the management of others when, in this case, commission of the crime was determined or facilitated by serious organisational shortcomings*”; or
- “*in the event of reiteration of offences*”³.

³ Pursuant to article 20 of Leg. Decree 231/01, “*reiteration occurs when the entity has already been finally convicted at least once for an offence resulting from a crime and then commits another offence in the five years following the final conviction*”.

In any case, interdictory sanctions are not applied when the crime was committed in the prevailing interest of the author or of third parties and the Entity has drawn a limited benefit or no benefit, or if the financial damage caused is particularly irrelevant.

Interdictory sanctions are not applied also if the Entity has implemented the remedial actions referred to in article 17 of Leg. Decree 231/01 and, more specifically, when the following conditions occur jointly:

- *“The entity has fully compensated for the damage and has removed the detrimental or hazardous consequences of the crime and has taken effective steps in this direction”;*
- *“The entity has removed the organisational shortcomings that determined the crime by adopting and implementing organisational models suitable to prevent crimes of the type that occurred”;*
- *“The entity has made the profit it gained available for seizure”.*

Interdictory sanctions last no less than three months and no more than two years. The Judge decides which sanction to apply and its length on the basis of the criteria indicated previously for determining the extent of the monetary fine by *“taking into account the suitability of each individual sanction to prevent offences of the kind committed”* (article 14, Leg. Decree 231/01).

The Legislator then also points out that interdiction from exercising business is a residual sanction with respect to other interdictory sanctions.

Article 19 of Leg. Decree 231/01 also requires, alongside conviction, the **seizure** – even for equivalent amounts – of the price (money or other economic gain which is given or promised to induce or cause another person to commit the crime) or the profit (economic benefit immediately gained) of the crime, except for the part that can be returned to the damaged party and without prejudice to the rights acquired by third parties in good faith.

Publication of the sentence on one more newspapers, in the form of an excerpt or in its entirety, may be ordered by the Judge, together with billposting in the municipality where the Entity has its headquarters, when an interdictory sanction is applied. Publication of the sentence is carried out by the Clerk of the Judge and the related expenses are borne by the Entity.

2. ADOPTION OF THE MODEL

2.1 Adoption of the Organisation and Management Model for purposes of exemption from administrative liability

Article 6 of Leg. Decree 231/01 requires that if the crime has been committed by one of the parties indicated in the Decree, the Entity is not liable if it proves that:

- a) The governing body had adopted and effectively implemented, before the crime was committed, appropriate organisational and management models to prevent offences of the kind that occurred;
- b) The task of overseeing the implementation, observance and updating of the models was entrusted to a body belonging to the Entity with independent powers of initiative and control;
- c) The individuals committed the crime by fraudulently circumventing the organisation and management models;
- d) There was not omission or insufficient control by the body referred to in letter b).

Article 7 of Leg. Decree 231/01 also establishes that if the crime is committed by Subordinate Persons supervised by Senior Management, the Entity is liable if the commission of the crime was made possible due to non-observance of the management and supervision obligations. However, non-observance of these obligations does not entail liability for the Entity if, before the crime was committed, the Entity had adopted and effectively implemented an appropriate organisational and management model to prevent offences of the kind that occurred.

It is also pointed that, in the case described in article 6 (offence committed by Senior Management), it is the Entity's duty to prove exemption from liability, whereas in the case referred to in article 7 (offence committed by Subordinate Persons), the accused party is responsible for proving non-compliance with or inexistence of the models and their suitability.

Mere adoption of the Model by the governing body – which is identifiable with the Board of Directors (hereinafter also BoD) – does not appear to be sufficient to determine the Entity's exemption from liability, since it is necessary for the Model to be *efficient* and *effective*.

With regard to the effectiveness of the Model, the Legislator establishes under article 6, paragraph 2 of Leg. Decree 231/01 that the Model must meet the following requirements:

- a) Identification of the activities during which crimes may be committed (so-called “mapping” of risk activities);
- b) Setting up of specific protocols targeted at planning the formation and implementation of Entity decisions regarding the crimes to be prevented;
- c) Identification of appropriate financial resource management methods for preventing the commission of crimes;

- d) Obligation to provide information to the body tasked with overseeing the implementation and observance of the models;
- e) Introduction of a suitable disciplinary system for inflicting sanctions on non-compliance with the measures indicated in the Model.

2.2 Sources used for the Model: Confindustria Guidelines

Upon express indication of the delegated Legislator, the model may be adopted on the basis of codes of conduct drawn up by industry associations which have been communicated to the Ministry of Justice. The latter, together with the relevant Ministries, may issue observations within 30 days on the suitability of the models to prevent offences.

The Model was drawn up by referring to the Guidelines approved by Confindustria on 7 March 2002, and subsequently updated in March 2014.

The indications provided by the Guidelines for preparing the Model may be summarised according to the following main points:

- a) Individuation of **Risk Areas**;
- b) Preparation of a control system capable of reducing risks through the adoption of specific protocols. This is supported by a coordinated system of organisational structures, activities and operational rules that are applied – upon indication of top management – by management aimed at achieving, with reasonable likelihood, the goals of a good internal control system.

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

- **Code of Ethics;**
- **Organisational System;**
- **Manual and IT procedures;**
- **Authorisation and signatory powers;**
- **Control and management systems;**
- **Communication with and training of personnel.**

Furthermore, the control system must be based on the following principles:

- Verifiability, traceability, coherence and consistency of every transaction;
- Separation of functions (no-one may be in charge of an entire process independently);
- Control documentation;
- Introduction of an appropriate System of Sanctions for violations of the regulations and procedures included in the Model.

2.3 SNAI's Model

In order to ensure conditions of legality, fairness and transparency in carrying out its business, SNAI has decided to implement and periodically update its Organisation, Management and Control Model in accordance with the Decree.

The Model, therefore, is intended for all those who work with the Company. These persons must have knowledge of and comply with the provisions contained in it.

Specifically, the Recipients of Model are:

- i. The Corporate Bodies (the Board of Directors, delegated bodies, the Board of Statutory Auditors, as well as any person that has, also *de facto*, representation, decision-making and/or control powers within the Company) and the Auditing Firm;
- ii. Company personnel (i.e. employees, semi-subordinate workers and workers hired on a coordinated and ongoing basis, etc.);
- iii. Third Parties, i.e. all outside persons: consultant, suppliers, partners (where applicable), the Sales Network, as well as all persons, even if external to the Company, operating directly or indirectly for SNAI.

▪ ***Corporate Bodies and Personnel***

All of the Directors, Statutory Auditors, the Auditing Firm and the Personnel of SNAI are Model Recipients and must comply with the provisions contained in it.

With regard to the Entity's liability, Senior Management includes the company directors, statutory auditors, executives and personnel that carry out, *de facto* or otherwise, management activities even if they are not executives, whereas Subordinate Persons are Company employees who are not executives.

▪ ***Third Parties***

Third parties include persons that do not hold a senior management position as specified in the previous paragraphs and that must comply with the Model in any case by virtue of the function they carry out in relation to the Company's corporate and organisational structure, for example since functionally subject to the management or supervision of Senior Management or since operating, either directly or indirectly, for SNAI.

This category may include:

- All those who work with SNAI other than salaried employees (e.g. workers hired on a coordinated and ongoing basis, consultants);
- All kinds of collaborators;

- All those who act in the name and/or on behalf of the Company;
- Persons that are entrusted with or in any case carry out specific functions and tasks regarding health and safety at work (e.g. competent doctors and, if external to the company, the Heads and Operators of the Prevention and Protection Service);
- The Sales Network (betting points, gaming corners, etc.);
- Suppliers and partners (where applicable).

Third parties as defined above also include whoever, although having a contractual relationship with other companies belonging to the Group, basically operates within sensitive activity areas on behalf of or in the interest of SNAI.

SNAI believes that the adoption of the Model – together with issuing of its *Code of Ethics* – supplemented and updated to this version, is a further valid tool, alongside the provisions laid down by law, to raise awareness in all of its employees and whoever works for various reasons with the Company. The Model allows them to engage in fair and transparent behaviour when performing their activities, in line with the ethical and social values that inspire the Company in pursuing its corporate purposes, and to prevent the risk of commission of the crimes set out in the Law.

With regard to Third Parties, SNAI provides specific contractual clauses requiring their commitment to effectively apply the principles contained in the Model, failing which the relationship is terminated (express termination clauses).

SNAI is sensitive to the need to spread and strengthen the culture of transparency and integrity. It is also aware of the importance of ensuring fairness in the conduct of its business and in corporate activities in order to protect its position and business image as well as shareholders' expectations. For this reason it adopts the Organisation and Management Model provided for by the Law on a voluntary basis and establishes its principles of reference.

2.4 Approval, amendment and implementation of the Model

The first draft of the Model was approved, in compliance with article 6, paragraph 1, letter a) of the Decree by SNAI S.p.A. on 1 July 2008. It was subsequently updated on an ongoing basis and its most recent update was approved on 12 April 2016.

SNAI set up a Supervisory Board designed to oversee the implementation and observance of the Model in compliance with the provisions laid down by the Decree.

The Company monitored the Model constantly and provided periodical updates in the light of regulatory and corporate changes, also with the help of the Supervisory Board.

This update, which replaces the previous drafts of the Model, was adopted by SNAI by resolution of the Board of Directors.

The update regarded integration of Special Parts A, B, G and N with a view to implementing the regulatory changes introduced in Leg. Decree 231/01 by Italian Law 69/15 regarding “*Provisions on crimes against the public administration, mafia-type organisations and false accounting*” and by

Italian Law 68/2015 regarding “*Provisions on crimes against the environment*” (so-called “Eco-crimes”).

2.5 Methodology – Structure of the Model

SNAI mapped its Risk Areas in accordance with the Decree, by identifying and evaluating the risks relating to the offences falling under the law and the related internal control system. It also prepared the first draft and subsequent updates of the Model, on the basis of the activities referred to in the previous points.

The Model was drafted/updated according to the following phases:

- a) Preliminary examination of the business context by conducting meetings with key company managers. The aim was to analyse the organisation and activities carried out by the various organisational functions and to identify the corporate processes where these activities take place and their real and effective implementation;
- b) Identification of the business areas and corporate processes at risk of commission of crimes, based on the examination of the business context referred to in previous letter a), and identification of the possible manners of commission of the crimes;
- c) Analysis of the main risk factors associated with the crimes under the Decree by conducting meetings with the heads of the Risk Areas identified; detection, analysis and assessment of the adequacy of existing Corporate Controls;
- d) Identification of the areas of improvement of the internal control system and definition of a specific plan for implementing the improvement areas identified.

Upon completion of the above activities, a list of Risk Areas was set up/updated, that is, a list of Company sectors and/or corporate processes in respect of which there is a theoretical likelihood – in the light of the activities carried out – of commission of the crimes indicated in the Decree and which are theoretically attributable to the type of activity carried out by the Company.

SNAI, therefore, detected and analysed its Corporate Controls by checking the Organisational System, the System for the Delegation of Authority and Powers of Attorney, the Control and Management System and the existing procedures considered significant for the purposes of the analysis (as-is analysis phase). It subsequently identified the improvement areas, for which it provided specific suggestions, and the action plans for implementing the control principles (gap analysis).

The areas within which financial tools and/or alternative means are managed which may support the commission of crimes in the Risk Areas were also identified.

Together with the risk assessment activities and the identification of existing control areas, SNAI carefully examined the key remaining components of the Model:

- Code of Ethics;
- System of Sanctions;
- Regulations of the SB;
- Information flows to and from the SB.

2.6 SNAI S.p.A. and its Mission

SNAI S.p.A. is a joint-stock company listed on the Milan Stock Exchange and operating in the games and betting sector.

SNAI deals with the management, organisation and acceptance, using its own or third-party means, against regular concessions, authorisations and/or licences, of bets of any kind or type, pool betting, lotteries and games.

The Company operates the online and gaming machines used and also deals with the activation, rental, management and use of telecommunication or online networks for providing the above services.

SNAI S.p.A. is the owner of the racetracks of Milano San Siro and Montecatini Terme and has significant shareholdings in other leading Italian racetracks.

The most recent extraordinary transactions implemented by the Company are reported below:

- Merger by incorporation of the entirely controlled companies Festa S.r.l. (operating in the multimedia services and ICT sector, with a specialisation in contact centre activities, help desk, customer care, telemarketing and teleselling) and Immobiliare Valcarenga S.r.l. (operating in the support of horse race facilities). The transaction did not lead to any change in the composition of shareholders and related control structure;
- Acquisition of the Cogemat Group, by way of transfer deed for acquisition of 100% of the share capital of the parent company Cogemat, dealing with the collection of sports bets.

2.7 Crime categories of relevance for SNAI S.p.A.

In the light of the analysis carried out by the Company for the purpose of drawing up and subsequently updating this Model, the following crime categories arose, provided for by Leg. Decree 231/01, which could potentially render the Company liable:

- Crimes against the Public Administration (articles 24 and 25 of Leg. Decree 231/01);

- Corporate crimes (article 25-ter of Leg. Decree 231/01);
- Market Abuse crimes (article 25-sexies of Leg. Decree 231/01);
- Crimes involving Health and Safety at Work (article 25-septies of Leg. Decree 231/01);
- Crimes of Receiving Stolen Goods, Money Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origin, as well as Self-laundering (article 25-octies of Leg. Decree 231/01);
- Computer crimes and unlawful processing of data (article 24-bis of Leg. Decree 231/01);
- Organised crime offences (article 24-ter of Leg. Decree 231/01);
- Crimes against the industry and trade (article 25-bis I of Leg. Decree 231/01);
- Copyright crimes (article 25-novies of Leg. Decree 231/01);
- Crimes regarding forgery of money, public credit cards and stamp duties (article 25-bis of Leg. Decree 231/01);
- Crime of inducement not to make statements or to make false statements to the judicial authorities (article 25-decies of Leg. Decree 231/01);
- Environmental crimes (article 25-undecies of Leg. Decree 231/01).

With regard to the remaining categories of crime, in the light of the main business carried out by the Company and on the basis of the social and economic context in which it operates and of the legal and economic relations it holds with Third Parties, we believe that there are no risk profiles for which there are valid reasons to expect that such crimes be committed in the interest or to the benefit of the Company. In this respect, the risks are guarded through the principles of conduct laid down in SNAI S.p.A.'s *Code of Ethics* which bind the Recipients to comply with the essential values of impartiality, fairness, transparency, respect for individuals and legality.

The Company undertakes to constantly evaluate the relevance of any further crimes, for the purposes of this Model, which are currently provided for by Leg. Decree 231/01 or introduced by subsequent supplements to it.

For each of the crime categories considered of relevance for SNAI, so-called “risk activities” are identified in the subsequent Special Parts – i.e. those activities which while being performed may give theoretically rise to the commission of a crime – as well as the manner of commission and existing Corporate Controls.

2.8 The purpose and structure of Organisation and Management Model

This Document takes into account SNAI's business structure and is a valid tool for raising awareness in and providing information to Senior Management, Subordinate Persons and Third Parties. The aim is for Recipients to engage in fair and transparent conduct when performing their activities, in line with the ethical and social values that the Company draws inspiration from in

pursuing its corporate purposes, and to prevent the risk of commission of the crimes set out in the Decree.

The Model is composed of this General Part, in which the functions and principles of the Model are explained and its key components are identified and regulated, such as the Supervisory Board, the formation and diffusion of the Model, the System of Sanctions and the integrated assessment and management of offence risks.

The following Special Parts are also an integral and substantial part of this Document, together with the further documents referred to in it and/or listed below:

- ***Special Part A:***

- ✓ Section 1: Description of Crimes against the Public Administration (articles 24 and 25 Leg. Decree 231/01);
- ✓ Section 2: Risk Areas relating to Crimes against the Public Administration, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- ***Special Part B:***

- ✓ Section 1: Description of Corporate Crimes (article 25-ter Leg. Decree 231/01);
- ✓ Section 2: Risk Areas relating to Corporate Crimes, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- ***Special Part B1:***

- ✓ Section 1: Description of the Crime of Bribery among private individuals (article 25-ter, paragraph 1, letter *s-bis*, Leg. Decree 231/01);
- ✓ Section 2: Risk Areas relating to the Crime of Bribery among private individuals, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- ***Special Part C:***

- ✓ Section 1: Description of Market Abuse Crimes (article 25-sexies Leg. Decree 231/01);
- ✓ Section 2: Risk Areas relating to Market Abuse Crimes, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- **Special Part D:**
 - ✓ Section 1: Description of Crimes involving Health and Safety at Work (article 25-*septies* Leg. Decree 231/01);
 - ✓ Section 2: Risk Areas relating to Crimes involving Health and Safety at Work, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- **Special Part E:**
 - ✓ Section 1: Description of Crimes of Receiving Stolen Goods, Money Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origin, as well as Self-laundering (article 25-*octies* Leg. Decree 231/01);
 - ✓ Section 2: Risk Areas relating to Crimes of Receiving Stolen Goods, Money Laundering and Utilisation of Money, Goods or Benefits of Unlawful Origin, as well as Self-laundering, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- **Special Part F:**
 - ✓ Section 1: Description of Computer Crimes and unlawful processing of data (article 24-*bis* Leg. Decree 231/01);
 - ✓ Section 2: Risk Areas relating to Computer Crimes and unlawful processing of data, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- **Special Part G:**
 - ✓ Section 1: Description of Organised Crime Offences (article 24-*ter* Leg. Decree 231/01);
 - ✓ Section 2: Risk Areas relating to Organised Crime Offences, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- **Special Part H:**
 - ✓ Section 1: Description of Crime against the industry and trade (article 25-*bis* Leg. Decree 231/01);
 - ✓ Section 2: Risk Areas relating to Crime against the industry and trade, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- **Special Part I:**
 - ✓ Section 1: Description of Copyright Crimes (article 25-*novies* Leg. Decree 231/01);
 - ✓ Section 2: Risk Areas relating to Copyright Crimes, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- **Special Part L:**
 - ✓ Section 1: Description of Crimes regarding forgery of money, public credit cards and stamp duties (article 25-*bis* of Leg. Decree 231/01);
 - ✓ Section 2: Risk Areas relating to Crimes regarding forgery of money, public credit cards and stamp duties, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- **Special Part M:**
 - ✓ Section 1: Description of the Crime of inducement not to make statements or to make false statements to the judicial authorities (article 25-*decies* of Leg. Decree 231/01);
 - ✓ Section 2: Risk Areas relating to the Crime of inducement not to make statements or to make false statements to the judicial authorities, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

- **Special Part N:**
 - ✓ Section 1: Description of Environmental Crimes (article 25-*undecies* of Leg. Decree 231/01);
 - ✓ Section 2: Risk Areas relating to Environmental Crimes, related manner of commission and existing Corporate Controls in order to prevent the crimes *de quibus*;

Without prejudice to the provisions set out in the Special Parts from A to N of this Document, SNAI S.p.A. has defined a specific system for the delegation of authority and powers of attorney, procedures, protocols and internal controls designed to ensure adequate transparency and knowledge of the decision-making and financial processes, as well as the conduct that must be held by all Model Recipients operating in the business areas.

It is pointed out, furthermore that the following documents are an integral and substantial part of this Model:

- The Company's Code of Ethics which defines the key principles from which SNAI draws inspiration and with which it conforms its activity;

- The System of Sanctions and related sanction mechanism to be applied in the event of violation of the Model.

The aim of the Model is to:

- Make all Recipients operating in the name of and behalf of SNAI S.p.A., especially those working in Risk Areas, aware that in the event of violation of the above reported provisions, they may incur possible sanctions, both from a criminal and administrative viewpoint, not only against themselves but also against the Company;
- Inform all Recipients operating with the Company that violation of the provisions contained in the Model entails the application of specific sanctions or termination of the contractual relationship;
- Confirm that SNAI does not tolerate unlawful conduct of any kind and regardless of any purpose and that, in any case, such conduct (even if the Company may appear to benefit from it) is contrary to the principles which inspire the Company's business activities.

2.9 The concept of acceptable risk

The concept of “acceptable” risk must be taken into account when drawing up this Model.

For purposes of application of the Decree, it is important that an actual threshold be defined which sets a limit on the quantity/quality of prevention measures to be introduced in order to avoid the commission of the offences considered.

In the absence of prior determination of “acceptable” risk, the quantity/quality of preventive controls that may be established is virtually never ending, with evident consequences in terms of business operations.

With regard to the preventive control system that must be set up in relation to the risk of commission of the offences referred to in the Decree, the conceptual threshold of acceptability is represented by a prevention system that is structured in such a way that it can only be eluded fraudulently.

This solution is in line with the logic of “fraudulent circumvention” of the Model for the purpose of exempting the Entity from administrative liability (article 6, paragraph 1, letter c “*persons committed the offence by fraudulently circumventing the organisation and management models*”), as clarified by the most recent update of the Confindustria Guidelines.

With specific reference to the sanction mechanism introduced by the Decree, the threshold of acceptability is therefore represented by the effective implementation of an adequate preventive system that can only be eluded intentionally, or rather, for the purposes of excluding the Entity from administrative liability, the persons that committed the crime acted by fraudulently circumventing the Model and the controls adopted by the Company.

2.10 Management of financial resources

Bearing in mind that pursuant to article 6, letter c) of Leg. Decree 231/01, the requirements that the Model must comply with also include identifying the methods for managing financial resources in a manner that prevent the commission of offences, the Company adopts specific protocols and/or procedures containing the principles and the conduct that must be observed when managing such resources.

2.11 Manual and IT procedures

As part of its organisational system, SNAI has defined procedures aimed at regulating the performance of its business activities.

In compliance with Confindustria Guidelines, the Company has decided to establish procedures, including both manual and IT procedures, that lay down the rules to be applied within the corporate processes involved and establish the controls to be carried out in order to ensure the fairness, effectiveness and efficiency of the business activities.

The procedures are disseminated, publicised, gathered and made available to all corporate figures both through the company intranet and through the person in charge of the function concerned.

2.12 Corporate Governance

▪ Board of Directors

The Company is governed by a Board of Directors composed of 5 to 14 members who are appointed by the Shareholders' Meeting. Their office has limited duration and they may be re-elected. In accordance with the Articles of Association (article 14 to 21), the Board is empowered to manage the company.

The Model is part of and supplements a more complex system of procedures and controls that represents the overall organisation of the Company's Corporate Governance.

▪ Shareholders' Meeting

The Shareholders' Meeting is responsible for passing resolutions – in both ordinary and extraordinary meetings – on matters reserved both by the Law or by the Articles of Association.

When legally convened and regularly constituted, the Shareholders' Meeting represents all of the Shareholders. Its resolutions are passed in compliance with the Law and with the Articles of Association, and are valid for Shareholders even if absent or dissenting.

- **Auditing Firm**

The Shareholders' Meeting of SNAI has entrusted the Company's audit and accounting control to an Auditing Firm enrolled in the Special Register.

2.13 Internal Control System

The internal control system consists of a set of rules, procedures and organisational structures aimed at ensuring, through an appropriate process of identification, measurement, management and monitoring of major risks, the sound and accurate management of the company in a manner consistent with its objectives. All of the persons that belong to SNAI are an integral part of its internal control system and have the duty to contribute to its correct operation, within the scope of the tasks and activities they carry out.

- **Control and Risks Committee**

The *Control and Risks Committee* has the task of assisting – with investigation, consultation and proposal duties – the Board of Directors' assessments and decisions relating to SNAI's internal control system and to the approval of periodical financial reports.

- **Person in charge of the internal control and risk management system**

The Director in charge of the internal control and risk management system:

- a) Identifies the main corporate risks, taking into account the characteristics of the activities carried out by the Company and submits them periodically to the review of the Board of Directors;
- b) Implements the guidelines defined by the Board of Directors, by taking care of the planning, implementation and management of the internal control system and checking its appropriateness and effectiveness on an ongoing basis;
- c) May request the internal control function to check specific operational areas and compliance with internal rules and procedures during the execution of corporate operations, while simultaneously informing the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- d) Promptly reports to the Control and Risk Committee or to the Board of Directors on problems and critical issues that have arisen during performance of his/her activity or that has come to his/her knowledge, so that the Committee or the Board may take suitable measures.

- **Lead Independent Director**

The *Lead Independent Director* is an independent director who:

- a) Is the point of reference and coordination for the requests and contributions of non-executive directors and especially of independent directors;
- b) Collaborates with the Chairman of the Board of Directors in order to ensure that the directors receive thorough and timely information flows;
- c) Is a counterbalance every time – owing to the Company’s organisational needs – offices are concentrated in one single individual and, in particular, the office of Chairman of the Board of Directors and of Managing Director are vested upon the same person who, by virtue of the powers of attorney received and the actual exercise of such powers, is the key person in charge of running the Company.

- **Function responsible for internal control**

The purpose of the *function responsible for internal control* is to provide to the Person in charge of the internal control and risk management system and, through the Control and Risks Committee, to the Board of Directors and to the Statutory Board of Directors, verifications, analysis, assessments and recommendations regarding the design and functioning of the Company’s internal control system with a view to promoting its efficiency and effectiveness.

The *Board of Statutory Auditors* has the duty to verify:

- ✓ *Observance of the Law and the Articles of Association;*
- ✓ *Compliance with principles of sound administration;*
- ✓ *Appropriateness of the Company’s organisational structure, the internal control system and the accounting and administrative system, also with regard to the latter’s reliability in reporting accurately on operating activities.*

SNAI’s Statutory Board of Auditors is composed of 3 standing auditors and 2 alternate auditors.

- **Executive in charge of drafting accounting and corporate records**

The Board of Directors’ meeting of 13 September 2007 appointed the *Executive in charge of drafting accounting and corporate records*.

As part of his/her activity, the Executive in charge of drafting accounting and corporate records deals with the implementation, monitoring and setting up of an internal accounting control system pursuant to Italian Law 262 (Accounting Control System) which is designed to define the guidelines that must be applied by the Company with reference to the obligations deriving from article 154-bis of Italian Legislative Decree 58/98 on the drafting of corporate accounting documents and related certification requirements.

- **Internal and external system controls**

These controls draw inspiration from the following principles:

- ✓ **Separation of duties.** The assignment of duties and corresponding authorisation levels must be aimed at separating the authorisation, execution and control functions and in any case at avoiding that the same person is responsible for all of such functions;
- ✓ **Formalisation of signature and authorisation powers.** These powers must be conferred in a manner that is complementary to and coherent with the tasks assigned and must be formalised by using a system for the delegation of authority and powers of attorney that identifies the operational context and corresponding accountability;
- ✓ **Compliance with the behavioural rules contained in the Code of Ethics adopted by SNAI.** All corporate procedures must conform to the principles laid down by the Code of Ethics;
- ✓ **Formalisation of control.** Sensitive corporate processes must be traceable (at documentary or computerised level, with clear preference for the latter) and include specific line controls;
- ✓ **Process coding.** Corporate processes are regulated according to procedures aimed at defining the timelines and methods for performing them, together with objective criteria that govern the decision-making processes and indicators of anomalies.

2.14 Areas and activities involving offence-risks

As previously indicated, in order to identify the areas and activities involving offence-risks, SNAI prepared an inventory and a specific assessment of its business activities, according to the provisions of the Decree and as suggested by industry associations.

SNAI is the “**holder**” of concessions for public games (sports and horseracing bets).

It follows that: on the basis of the provisions of article 3, paragraph 1 of the agreement entered into between the Independent Authority for the Administration of State Monopolies (“*The holder is required to carry out the activities and the public duties transferred, abiding by the provisions indicated in the agreement and ensuring the service levels provided for in the technical specifications*”), our view is that the holder has the status of “**person in charge of a public service**”.

In fact, according to the Court of Cassation: (i) “*The activities carried out by a private concession holder as a result of and in relation to the concession and in compliance with the obligations that the concession imposes on it in order to ensure the pursuit of public interest, cannot be defined as being activities of private law solely because they are carried out by an entity that is external to the Public Administration. On the contrary, they maintain their nature as administrative activities from an objective viewpoint and their exercise by the concession holder according to the provisions set out in the deed of concession assigns the status of indirect administration body to the holder.* (ii) *Among the persons carrying out public duties, the status of public official is assigned to whoever forms or helps to form the will of the Public Administration or those who perform these activities through authorisation or certification powers, while the status of being charged with a public service is assigned by the law, on a residual basis, to persons that although acting within the*

context of an activity governed in the same manner as a public function, lack its typical powers, unless they perform basic ordinary tasks or works of a merely material nature”.

By applying the above principles, the Court of Cassation has recognised the status of person in charge of a public service to lottery/betting receivers authorised by C.O.N.I. or Mipaaf (former ASSI) to collect the amounts relating to the wagers played in pool betting connected to sports events. This is due to the fact that pool betting is governed by provisions of public law and pursues public interests, such as the acquisition of financial income intended partly for the State and partly for entities created for duties related to sports activities of collective importance.

3. SUPERVISORY BOARD

3.1 The characteristics of the Supervisory Board

According to the provisions of Leg. Decree 231/01 (articles 6 and 7), the indications contained in the Report to Leg. Decree 231/01 and the legal and juridical interpretations on the matter, in order to ensure an effective and efficient implementation of the Model, the Supervisory Board should have the following characteristics:

- a) Autonomy and independence;**
- b) Professionalism;**
- c) Continuity of action;**
- d) Good repute.**

a) Autonomy and independence

The requirements of autonomy and independence are essential to ensure that the SB is not directly involved in the management activities it controls and that it is not influenced or interfered with by the governing body.

These requirements may be obtained by placing the SB in the highest possible hierarchical position and by having it report to the company's top management or to the Board of Directors. For the purpose of independence, it is also essential that no operational tasks be assigned to the SB, which would compromise its impartial judgement when monitoring behaviour and the effectiveness of the Model. For this reason, it is provided with an appropriate budget of expenditure.

b) Professionalism

The SB must have technical and professional skills suited to the duties it is required to perform. These characteristics, combined with independence, ensure impartial judgement.

c) Continuity of action

The SB must:

- Carry out on a continuous basis the activities required for monitoring the Model with adequate commitment and the necessary investigatory powers;
- Be referable to the Company, so as to ensure continuity while carrying out its supervisory activities.

d) Good repute

The SB's members must meet the following requirements:

- Not be subject to temporary disqualification or suspension from holding managerial offices in legal entities and companies;
- Not be in any of the conditions of ineligibility or forfeiture referred to in article 2382 of the Italian Civil Code with reference to directors and applicable – for the purposes of the Model – also to the single members of the SB;
- Not have been subject to preventive measures pursuant to Italian Law no. 1423 of 27 December 1956 (“*Preventive measures against persons held to be dangerous for security and public morality*”) or Italian Law no. 575 of 31 May 1965 (“*Provisions against the Mafia*”), as subsequently amended and supplemented, unless they have been rehabilitated;
- Not have been convicted, even if the sentence has been conditionally suspended, unless they have been rehabilitated:
 - ✓ For one of the crimes under Italian Royal Decree no. 267 of 16 March 1942 (Bankruptcy Law);
 - ✓ For one of the crimes under Section XI, Book V of the Italian Civil Code (“*Criminal law provisions relating to companies and consortia*”);
 - ✓ For an intentional crime, for a period of time not less than one year;
 - ✓ For an offence against the Public Administration, public faith, property and public economy.

All SB members sign a specific declaration confirming they meet the personal requirements requested.

Should the requirements no longer be met, the SB member falls from office according to paragraph 3.4 below.

3.2 Identification of the Supervisory Board

In accordance with the provisions of Leg. Decree 231/01, the indications expressed by the Confindustria Guidelines and the legal and juridical interpretations on the matter, SNAI has decided to set up a collective body appointed by the Board of Directors which, given its composition, may ensure knowledge of the corporate activities and expertise in internal control and/or legal matters and which – at the same time – has the authority and independence necessary to ensure the credibility of the related functions.

3.3 Duration of the appointment and reasons for termination

The SB remains in office for the term indicated in the deed of appointment and may be renewed.

The SB's appointment may be terminated owing to one of the following reasons:

- Expiry of the appointment;
- Revocation of the appointment by the Board of Directors;
- Waiver by the SB member, formalised by written communication and submitted to the Board of Directors;
- Occurrence of one of the grounds for forfeiture as per following paragraph 3.4.

The SB may be revoked only if there is sufficient cause including, only by way of example, the following cases:

- If the member is involved in criminal proceedings regarding the commission of a crime under Leg. Decree 231/01 for which the Company may be liable;
- If the confidentiality obligations required by the SB are breached;
- Serious negligence in carrying out the tasks related to the appointment;
- Possible involvement by the Company in criminal or civil proceedings which are related to omitted or insufficient control by the SB, also intentionally;
- Assignment of operational duties and responsibilities within the company organisation which are not compatible with the requirements of “autonomy and independence” and “continuity of action” that are inherent in the SB. In any case, any organisational provision regarding an SB member (for example, in the event of termination of the employment relationship, transfer to another position, dismissal, disciplinary measures, appointment of new managers) must be submitted by the Chairman of the SB to the Board of Directors for acknowledgement;
- Unjustified absence from two or more consecutive meetings of the SB, following standard convening;
- Conviction for one of the offences indicated in Leg. Decree 231/01, even if the sentence is not yet legally binding;
- Impediment of the SB member for a period longer than six months, should the reasons of impediment as per subsequent paragraph 3.5 occur.

The SB is revoked by qualified resolution (two-thirds) of the Board of Directors subject to the non-binding opinion of the Board of Statutory Auditors.

In the event of expiry, revocation or waiver, the Board of Directors immediately appoints the new SB member, whereas the outgoing member remains in office until he/she is replaced.

3.4 Cases of ineligibility and forfeiture

SB members are chosen amongst qualified individuals, with expertise in legal matters and internal control systems, and/or specialised technicians.

SB members become ineligible and/or fall from office for the following reasons:

- a) The lack or failure to meet the requirements of “good repute” as per previous paragraph 3.1;
- b) The existence of family, marriage or kinship relations up to the fourth degree with members of the Company’s Board of Directors or Board of Statutory Auditors, or with the external parties entrusted with auditing tasks;
- c) With exclusive reference to the SB’s external members, the existence of relations of a financial nature between the member and the Company, likely to compromise the member’s independence;
- d) Verification, following appointment, that the SB member has held the position of member of the Supervisory Board within companies against which the sanctions referred to in article 9 of the Decree have been applied definitively (including the sentence issued pursuant to article 63 of the Decree), for offences committed during his/her office.

Should a reason for forfeiture arise during the appointment, the SB member must immediately inform the Board of Directors, which will appoint a new SB member without delay, whilst the outgoing member must refrain from taking any decision. As a result, the Supervisory Board will operate in a reduced composition.

3.5 Reasons for temporary impediment

In the event that an SB member is unable (on a temporary basis for a period of six months) to perform his/her duties or to perform them with the necessary autonomy and independence of judgement, he/she must declare the reason for such impediment and – where this is due to a potential conflict of interest – declare the reason for such conflict and refrain from taking part in the Board meetings or in the resolution which the conflict relates to, until the impediment continues or is removed.

In the event of temporary impediment or any other case that leads to the inability for one or more members to take part in the meeting, the Supervisory Board will operate in a reduced composition.

3.6 Duty, tasks and powers of the Supervisory Board

In compliance with the indications provided by the Decree and the Guidelines, the duty of the SB is generally to:

- Supervise the effectiveness of the Model, that is, supervise that the conduct implemented within the Company corresponds to the Model drawn up and that its Recipients behave in compliance with the requirements contained in it;
- Verify the effectiveness and appropriateness of the Model, that is, verify that it is suitable for preventing the occurrence of the crimes referred to in the Decree;
- Monitor that the Model is constantly updated and propose to the Board of Directors its amendment, where necessary, in order to adjust it to organisational and legislative changes as well as changes in the corporate structure;
- Verify that the proposals to update and amend the Model submitted by the Board of Directors have been actually implemented in the Model.

Within the context of the duty described above, the SB has the following tasks:

- Periodically verify the adequacy of the Corporate Controls within the Risk Areas. To this end, Model Recipients must inform the SB of any situations that may expose the Company to the risk of an offence. All communications must be in writing and must be sent to the specific email address set up by the SB;
- On the basis of the activity plan previously determined by the SB, periodically verify and conduct targeted inspections on specific transactions or acts, implemented within the Risk Areas;
- Gather, process and store relevant information regarding the Model (including the reports referred to in following paragraph 3.8) and update the list of information that must be submitted to the SB;
- Conduct internal investigations to verify the suspected violation of the requirements of this Model, which have been brought to the attention of the SB following specific reporting or have emerged during its supervisory activities;
- Verify that the Corporate Controls referred to in the Model for the different types of crimes are actually adopted and implemented and that they comply with the requirement to observe Leg. Decree 231/01, ensuring – if this is not the case – that corrective actions and relevant updates are proposed;

- Promote adequate initiatives aimed at spreading knowledge and understanding of the Model.

In order to carry out the duties and tasks indicated above, the following powers are attributed to the SB:

- Accessing company documents on a large scale and widespread basis, especially those regarding contractual and non-contractual relationships between the Company and third parties;
- Availing itself of support and cooperation from various business structures and corporate bodies which may be affected by or involved in the control activities;
- Drafting an annual plan to verify the appropriateness and functioning of the Model;
- Monitoring that Risk Area mapping is constantly updated, by proposing changes to it, if necessary, according to the methods and principles followed in the adoption/updating of this Model;
- Assigning specific consulting and assistance tasks to experienced professionals. To this end, specific expenditure powers (budget) are assigned to the SB in the resolution of the Board of Directors with which it is appointed.

3.7 Reporting obligations towards the Supervisory Board

Article 6, paragraph 2, point d) of the Decree establishes that the Model must include reporting obligations towards the SB, especially concerning any violations of the Model, corporate procedures or the Code of Ethics.

The SB must be immediately informed by all company staff, as well as by third parties obliged to comply with the Model, of any fact regarding the possible violation of the Model.

The reporting obligation also regards all of those company functions and structures considered at risk of the commission of the predicate offences referred to in the Mapping of the Risk Areas contained in the Model.

Specifically, the information flows submitted to the SB may be classified as follows:

- 1) Specific periodical/occasional information flows from company staff working in Risk Areas;*
- 2) Reports.*

- **Specific periodical/occasional information flows:**
 - ✓ Any measures and/or information from judicial police departments or any other authority indicating that investigations are underway for crimes covered by the Decree which may involve the Company, also in regard to unknown persons;
 - ✓ The copy of any communications, requests for information or order to produce documents to/from any public authority, relating directly or indirectly to circumstances that may lead to liability pursuant to the Decree;
 - ✓ Requests for legal assistance, submitted by executives and employees, in the event of legal proceedings for the offences referred to in the Decree;
 - ✓ Any omission, neglect or falsifications in the accounts or in the documentation on which the accounts are based;
 - ✓ Updating of the system of the delegation of authority and powers of attorney;
 - ✓ Summary statements of any national/local public tenders or tenders of public relevance which the Company has taken part in to obtain gaming concessions;
 - ✓ Decisions regarding the request, disbursement and use of public loans, if any;
 - ✓ Annual financial statements, together with the Notes, and the six-monthly equity position;
 - ✓ Any tasks assigned to the auditing firm;
 - ✓ Any communications from the Board of Statutory Auditors and/or auditing firm, regarding any criticalities that have emerged, even if solved;
 - ✓ Any alleged or ascertained violation of the principles contained in the Model, the Code of Ethics and the corporate procedures, and any other aspect of potential significance for the purposes of application of the Decree;
 - ✓ The results of any internal audits conducted on Risk Areas and the reporting of any non-conformities found;
 - ✓ Any reports regarding the disciplinary proceedings set up by the Company in relation to the violation of the Model, the Code of Ethics, corporate procedures, and to the sanctions applied at the outcome of the proceedings, with explanation of the reasons legitimising the application of the sanctions or any decisions to close the file or not apply the sanctions;
 - ✓ Any newly issued, amended and/or supplemented operating procedures and any updates to the Company's organisational system, of relevance for the purposes of the Model;
 - ✓ Any report regarding the functioning and updating of the Model and the Code of Ethics;
 - ✓ Reports on scheduled corporate training;

- ✓ Any communications from the auditing firm regarding possible shortcomings in the internal control system, reprehensible facts and observations on the Company's financial statements;
 - ✓ Periodical reporting on injuries at work, near misses, accidents and occupational illnesses for every corporate site, with indication of the centres/departments where the accidents occurred and the reasons that caused them;
 - ✓ The inspection reports drawn up by relevant authorities showing organisational shortcomings with regard to health and safety at work;
 - ✓ Summary of outstanding disputes regarding administrative liability pursuant to the Decree;
 - ✓ Copy of the minutes of the meetings pursuant to article 35 of Italian Legislative Decree 81/08;
 - ✓ Communications regarding any updates to the Risk Assessment Documents;
 - ✓ Summary reports showing the findings during the inspections conducted by the Public Authorities;
 - ✓ The list of professional tasks and consulting activities assigned to third parties.
- **Reports:** information from whatever source – whether anonymous or not – regarding the possible commission of crimes or violation of SNAI's Model.

In any case, the heads of the departments/functions affected by the activities at risk of offence provide the SB with any information which may be useful for verifying the correct implementation of the Model. More specifically, they must inform the SB of any anomalous or atypical aspect encountered during their activities and submit all relevant information available.

The reports must be submitted to the SB in writing and sent to the email address specifically set up odvsnai@snai.it. They may also be sent anonymously and in writing to the Board.

The Company's SB takes steps to ensure that whoever makes a report is not subject to any form of retaliation, intended as any act that could give rise even to the suspicion of discrimination or penalisation.

The SB guarantees adequate confidentiality to individuals who provide information or make reports, without prejudice to the requirements of law and the protection of the Company's rights.

3.7 Supervisory Board's reporting obligations

Given that the Company's Board of Directors is responsible for adopting and effectively implementing the Model, the SB reports on the implementation of the Model and on any criticalities that arise.

The SB is responsible towards the Board of Directors for:

- Communicating, at the start of each year and as part of its yearly report, the plan of activities it intends to carry out in order to perform the tasks assigned to it. The plan is approved by the Board of Directors;
- Reporting, as part of its six-monthly and yearly report, on the progress of its plan of activities, together with any changes made to it, and on the implementation of the Model.

The SB also informs the Managing Director promptly of any significant problems that arise with respect to its activities.

The SB may report periodically on its activities not only to the Board of Directors but also to the Board of Statutory Auditors.

The SB may request to meet the above 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 minutes. A copy of the minutes is held by the SB and by the bodies involved each time.

The SB may also communicate, depending on the individual circumstances:

- a) The results of its verifications to the heads of functions and/or processes if areas for improvement are found. In this case, the SB must share an improvement action plan with the heads of the processes (together with a relevant time schedule) and the result of its implementation;
- b) Any conduct/actions that are not in line with the Model to the Board of Directors and to the Board of Statutory Auditors in order to:
 - ✓ Acquire from the Board of Directors all the elements needed to submit communications to the structures in charge of assessing and applying disciplinary sanctions;
 - ✓ Provide indications so as to remove the shortcomings and to prevent the fact from happening again.

The SB has the obligation to immediately inform the Board of Statutory Auditors if the violation regards the Board of Directors.

Finally, within the scope of SNAI Group's activities, the Company's SB works in conjunction with other Group SBs.

4. SYSTEM OF SANCTIONS

4.1 General principles

The Company is aware and declares that the preparation of an appropriate System of Sanctions against the violation of the rules and provisions set out in the Model and related Corporate Controls is a key condition to ensure the effectiveness of the Model.

In this respect, articles 6, paragraph 2, letter e) and 7, paragraph 4, letter b) of the Decree lay down that Organisation and Management Models must “*introduce a disciplinary system suitable for punishing the failure to comply with the measures indicated in the model*”, for Senior Management and Subordinate Persons, respectively.

Pursuant to article 2106 of the Italian Civil code, with reference to employment relationships, the System of Sanctions supplements the National Collective Labour Contracts applied to employees, for all matters not expressly provided for and limited to the cases envisaged therein.

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

Violation of the behavioural rules and of the measures indicated in the Model by Company employees and/or executives constitutes a failure to comply with the obligations resulting from the employment relationship, pursuant to articles 2104 and 2106 of the Italian Civil Code.

The application of the sanctions described in the System of Sanctions is irrespective of the outcome of any criminal proceedings, as the behavioural rules imposed by the Model and related Corporate Controls are assumed by the Company in a completely independent manner, regardless of the offences under the Decree.

More specifically, non-compliance with the rules and provisions contained in the Model and in the related Corporate Controls is detrimental *per se* to the relationship of trust with the Company and leads to disciplinary actions, regardless of the initiation or outcome of criminal proceedings, in cases where such violation constitutes a crime. The above is also in observance of the principles of timeliness and immediacy of the notification (also of a disciplinary nature) and of infliction of the sanctions in compliance with legal provisions in force.

In order to assess whether the Model is effective and suitable for preventing the crimes laid down in Leg. Decree 231/01, it must identify and punish conduct that is likely to favour the commission of crimes.

The notion of the System of Sanctions suggests that the Company should use a scale of applicable sanctions, depending on the different risk level that the conduct may present with respect to the commission of crimes.

For this reason, a System of Sanctions has been set up which, first of all, punishes all infringements of the Model (from the less to the most serious) according to a *scale* of sanctions and which, in second place, respects the principle of *proportionality* between the violation detected and the sanction imposed.

Regardless of the nature of the System of Sanctions requested by Leg. Decree 231/01, disciplinary powers are assigned to the Employer that exercises them – pursuant to article 2106 of the Italian Civil Code – over all categories of workers and regardless of the provisions referred to in collective bargaining.

4.2 Definition of “violation” for the operation of this System of Sanctions

In general and only by way of example, “violation” of this Model and of the related Corporate Controls consists of the following:

- a) The implementation of actions or conduct that do not comply with the law and with the requirements set forth in the Model and in the related Corporate Controls, which lead to the commission of one of the crimes covered by the Decree;
- b) The implementation of actions or conduct or the failure to implement actions or conduct provided for in the Model and in the related Corporate Controls, which lead to the mere risk of commission of one of the crimes covered by the Decree;
- c) Failure to implement actions or conduct provided for in the Model and in the related Corporate Controls which do not lead to the risk of commission of one of the crimes covered by the Decree.

4.3 Criteria for the imposition of sanctions

The type and severity of the 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 (intent, negligence);
- Relevance of the obligations breached;
- Potential of damage that may be caused to the Company and of any application of the sanctions set forth in the Decree and in any subsequent amendments or supplements;
- Level of hierarchical or technical responsibility of the person involved;
- Presence of aggravating or mitigating circumstances, with special regard to previous work carried out by the Model Recipient and to previous disciplinary measures;
- Any shared responsibility with other employees or third parties in general that have helped in determining the violation.

If several offences, which are subject to different sanctions, have been committed by means of one act only, the more severe sanction will be applied.

The principles of timeliness and immediacy of notification require that the sanction be imposed (also and above all of a disciplinary nature) regardless of any initiation and/or outcome of criminal proceedings.

In any case, disciplinary sanctions to employees must be inflicted in compliance with article 7 of Italian Law 300/70 (hereinafter also “Workers’ Statute”) and with all other legal and contractual requirements in force.

4.4 Sanctions

4.4.1 Employees: disciplinary offences

Disciplinary offences consist of conduct held by employees, including executives, that infringes the rules and behavioural principles set forth in the Model. The type and severity of the sanctions applied to each single case may vary in relation to the seriousness of the offences and on the basis of the following criteria:

- Conduct (intent or negligence);
- Employee’s tasks, position and level;
- Relevance of the obligations breached;
- Potential of damage caused to SNAI;
- Recidivism.

In the event that several violations are committed, which are punished with different sanctions, the more severe sanction must be applied. 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, with the Workers’ Statute, with Italian Law 604/66 and with the National Collective Labour Agreement in force, with application of article 2119 of the Italian Civil Code in more serious cases.

4.4.2 Criteria of correlation

In order to clarify in advance the criteria of correlation between the non-compliance of workers and the disciplinary measures adopted, the Board of Directors classifies the actions of directors, employees and Third Parties as follows:

- Conduct that constitutes a failure to carry out the orders given by SNAI both in writing and verbally, when performing at-risk activities, such as, for example: violation of procedures, regulations, internal written instructions, minutes or the Code of Ethics which meet the requirements of slight negligence (minor violation);
- Conduct that constitutes a serious breach of discipline and/or diligence such as by adopting the conduct referred to in the previous bullet point, while performing at-risk activities, which is committed intentionally or with gross negligence (serious violation);
- Conduct that causes serious moral or material damage to the Company and does not allow the relationship to be continued not even on a temporary basis, such as by adopting conduct that constitutes one or more of the predicate offences or is clearly directed to committing such offences (serious violation and with injury to SNAI).

More specifically, failure to comply with the Model occurs in the event of violations:

- Implemented within the scope of the “sensitive” activities under the “instrumental” areas identified in the Model Summary (Special Parts A, B, B1, C, D, E, F, G, H, I, L, M, N);
- Likely to constitute the sole fact (objective element) of one of the crimes provided for in the Decree;
- Aimed at committing one of the crimes provided for in the Decree or in any case where there is the risk that the Company’s liability be contested pursuant to the Decree.

Furthermore, violations in relation to health and safety at work are of particular significance (Special Part D) and follow an increasing order of seriousness.

In particular, non-compliance with the Model occurs when the violation determines:

- A situation of true danger for the physical integrity of one or more individuals, including the author of the violation;
- Injury to the physical integrity of one or more individuals, including the author of the violation;
- A “serious” injury, according to article 583, paragraph 1 of the Italian Criminal Code, to the physical integrity of one or more individuals, including the author of the violation;
- A “very serious” injury, according to article 583, paragraph 2 of the Italian Criminal Code;
- The death of one or more individuals, including the author of the violation.

4.4.3 Sanctions applicable to middle managers and office workers

According to the disciplinary proceedings of the Workers' Statute, to the National Collective Labour Agreement "*Private-sector metalworking industry and plant installation industry*", as well as to the other legislative and regulatory provisions on the matter, workers who are responsible for actions or omissions which are contrary to the Model's requirements, taking into account also the seriousness and/or recurrence of the conduct, are subject to the following disciplinary sanctions:

- Verbal reprimand (minor violations);
- Written reprimand (minor violations);
- Fine not exceeding three hours of remuneration calculated on the base pay (serious violations);
- Suspension of remuneration and from service for a maximum of 3 days (serious violations);
- Summary dismissal (serious violations and with injury to SNAI).

4.4.4 Sanctions applicable to executives

Although the disciplinary procedure pursuant to article 7 of Italian Law 300/70 is not applied to executives, the procedural guarantee envisaged in the Workers' Statute should also be established for executives.

Should executives breach the principles, rules and internal procedures indicated in this Model or should they hold a conduct that does not abide by the provisions of the Model while performing activities included in sensitive areas, the measures indicated below will be applied against the persons responsible, taking into account also the seriousness of the violation(s) and any recurrence.

Also in consideration of the specific relationship of trust and of the position of guaranteeing and monitoring the observance of the rules established in the Model that characterises the relationship between the Company and the executive, in compliance with current legal provisions and with the National Collective Labour Agreement for executives applicable to the Company, executives will be dismissed with prior notice or dismissed with just cause, in very serious cases.

Considering that the above measures lead to termination of the employment relationship, the Company – acting in accordance with the principle of proportionality of the sanction – reserves the right to apply the following sanctions in the event of less serious violations: written reprimand or suspension from services and from remuneration up to maximum ten days.

This is without prejudice to compensation for any damages that the executive has caused to the Company.

4.4.5 Measures against Directors and Statutory Auditors

- **Measures against Directors**

In the event of violation of the Model by one or more members of the BoD, the SB informs the Board of Statutory Directors and the entire BoD which will take the appropriate measures including, for example, convening the Shareholders' Meeting in order to adopt the most suitable measures provided for by law and/or revoking any powers of attorney granted to the director in compliance with the provisions under articles 2476 *et sequitur* of the Italian Civil Code.

- **Measures against Statutory Auditors**

In the event of violation of the Model by one or more Statutory Auditors, the SB informs the entire Board of Statutory Directors and the BoD which will take the appropriate measures including, for example, convening the Shareholders' Meeting in order to adopt the most suitable measures provided for by law.

4.4.6 Disciplinary procedure against employees

The Company adopts a standard corporate procedure for notifying disciplinary measures to its employees and for inflicting the related sanctions, which complies with the forms, methods and timeframes referred to in art. 7 of Workers' Statute, the National Collective Labour Agreement "*Private-sector metalworking industry and plant installation industry*", as well as all other legislative and regulatory provisions on the matter.

The Managing Director must be immediately informed of any violation by an employee of this Model and of the relative procedures, pursuant to previous point 4.2. The Managing Director, together with the competent functions, then assesses the seriousness of the conduct reported and decides whether it is necessary to notify a disciplinary measure against the employee in question.

Should consideration be given to inflicting a more severe disciplinary sanction than a verbal reprimand, the Managing Director, together with the competent functions, formally notifies the employee of the conduct subject to disciplinary action, by means of a written Disciplinary Notification, and invites him/her to submit his/her justifications within 5 days from receipt of the above Notification.

The written Disciplinary Notification together with any justifications submitted by the employee must be immediately sent for information to the SB, which may express a motivated opinion on the seriousness of the breach and on the sanctions to be applied.

After five days from delivery of the Disciplinary Notification, the Managing Director – together with the competent functions and by taking into account the SB's motivated opinion (which is not binding), as well as any justifications submitted by the employee – decides whether to impose a sanction among those envisaged (written warning, suspension from work and from up to 6 working days remuneration, and dismissal), depending on the seriousness of the violation or the offence notified. Any sanctions inflicted must be immediately communicated to the SB.

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

4.4.7 Sanctions applied to Third Parties

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

- Notify the breach to the Recipient and at the same time request compliance with the obligations contractually made and set forth in the Model, in corporate procedures and in the Code of Ethics, either within a deadline or immediately where necessary;
- Claim damages equal to the amount received for the activity carried out during the period lapsing from the date on which violation of the recommendation is ascertained and its actual fulfilment;
- Automatically terminate the existing contract due to serious breach, pursuant to articles 1453 and 1455 of the Italian Civil Code.

4.5 Register of violations

The Company sets up a specific register of violations relating to the breaches referred to in previous paragraph 4.2. The register contains indications on the individuals responsible for the violation and on the sanctions imposed on them.

The register is held by SNAI's human resources function and must be constantly updated and available for consultation at any time by the SB, the Board of Directors and the Board of Statutory Auditors.

With regard to relationships with Third Parties, being included in this register means that the Company is prohibited from entering into contractual relationships with the interested parties, unless decided otherwise by the Board of Directors.

5. UPDATING OF THE MODEL

The Board of Directors is responsible for adopting and effectively implementing the Model, as expressly provided for by law.

As a result, the power to update the Model – which is an expression of its effective implementation – lies with the Board of Directors and is exercised by way of resolution and in the same manner as for adoption of the Model.

The Model is updated (including both supplements and modifications) for the purpose of ensuring the Model's appropriateness and suitability, with regard to its function of preventing the commission of the crimes indicated in Leg. Decree 231/01.

The Supervisory Board is in charge of monitoring the Model's updating, as provided for in this Document.

6. INFORMATION AND TRAINING OF PERSONNEL

6.1 Dissemination of the Model

The methods used for spreading the Model must guarantee its full disclosure and ensure that Recipients become familiar with the procedures and controls to be followed in order to comply with their duties and with the contractual obligations set up with the Company.

SNAI's objective is to spread the contents and principles of the Model also to Subordinate Persons and Third Parties who work – even on a casual basis – to achieve the Company's objectives as a result of contractual relationships.

To this purpose, the Model is permanently filed in a specific documental Archive and is accessible by all Senior Management and Subordinate Persons. The "Archive" also contains information considered relevant for understanding the contents of the Decree and its implications for SNAI.

With regard to Third Parties, an extract of this Document is submitted to them with the express contractual obligation to abide by its requirements.

Communication and training activities are supervised by the SB which avails itself of competent structures entrusted, *inter alia*, with the following tasks:

- Promoting initiatives for disseminating knowledge and understanding of the Model, the contents of Leg. Decree 231/01 and the impact of the legislation on SNAI's activities;
- Promoting training and actions to raise awareness in personnel so they may comply with the principles contained in the Model;
- Promoting and coordinating initiatives aimed at facilitating knowledge and understanding of the Model by Recipients.

6.2 Training of the Personnel

Training activities are designed to promote knowledge of the regulations set out in Leg. Decree 231/01. Knowledge of the Decree means providing an exhaustive overview of it, together with its practical implications and the contents and principles on which the Model is based. All Senior Management and Subordinate Persons, therefore, are required to be familiar with them, comply with them and observe such contents and principles, thereby contributing to their implementation.

To ensure that Recipients have real knowledge of the Model, the Code of Ethics and the Corporate Controls to be adopted in order to correctly perform their activities, specific mandatory training activities are envisaged for SNAI's Senior Management and Subordinate Persons. The training activities are delivered with different methods, depending on the Recipients and in compliance with the methods used for delivering the training programmes used by the Company.