ARPER S.p.A.

Document describing the

Organization, Management and Control Model as per Italian Legislative decree no. 231/2001

GENERAL SECTION

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1. The administrative liability of Legal Persons

1.1. Introduction and regulatory framework

On June 8, 2001, Legislative Decree no. 231 on "Discipline of the administrative liability of legal persons, of companies and of associations including those without a legal personality" (hereinafter, Decree), was issued.

The Decree implemented the Italian Government's delegated legislation pursuant to Article 11 of the Law no. 300 of September 29, 2000 harmonizing our system to EU and international legislation, ratifying and implementing various international conventions signed by Italy in previous years, such as: the Brussels Convention of July 26, 1995 on the protection of the European Communities' financial interests; the Convention of May 26, 1997 on the fight against corruption involving officials of the European Communities or officials of the Member States of the European Union; and the OECD Convention of December 17, 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions.

The Decree introduced into the Italian legal system the principles of administrative liability (which from a practical point of view can be assimilated to criminal liability) of legal persons, understood as all bodies having legal personality, as well as of companies and associations including without legal personality (hereinafter referred to as the "Bodies"). On the other hand, the State, public territorial bodies, non-economic public bodies and those that perform constitutional functions, such as political parties and trade unions, are excluded from the Decree.

The substantial novelty introduced by the Decree is that the entity liability is additional to that of the natural person who committed the offence. As the Entity's administrative liability is separate from that of the natural person who has committed the offence, it follows that Bodies are not exempt from liability even if the offender cannot be charged or has not been identified.

1.2. Conditions for Entity liability

The conditions that apply to Entity liability, which will be analyzed below, can be summarized as follows:

a) Pursuant to the principle of legality, the Entity is liable only for the commission of an offence included in those provided for by Decree no. 231/2001 (Article 2).
b) The Entity is only liable for offences committed by persons with a functional connection with the Entity and whose unlawful conduct is performed in the interest and /or to the advantage of the Entity itself (Article 5, letter a).
c) If the Entity fails to adopt or implement an Organization and Management Model (hereinafter the Model) suitable to prevent the commission of one of the offences listed in the Decree (Article 6 paragraph 1 letter a).
d) If the Entity fails to entrust independent powers of initiative and control to a specific body called Supervisory Body (or if the latter fails to carry out appropriate supervision), (Article 6 paragraph 1 letter b) and d))
e) In case of an offence committed by senior management without fraudulently evading the existing Model (Article 6 paragraph 1 letter c).

1.2.1 Types of offences laid down in the Decree and subsequent amendments

Pursuant to the principle of legality referred to in Article 2 of the Decree, the Entity can be held liable only for the commission of offences set out by the Decree - and the laws that refer to the relevant discipline – which are considered offences at the time of their commission (so-called Predicate Offences, hereinafter Offences).

As of the entry into force of the Decree, the list of "predicate offences" for which the Entity can be held liable has been considerably expanded by further legislation on the subject.

The scope of application of the new provisions, originally limited to Articles 24, 25 and 26 of the Decree, was subsequently extended.

Resulting from these series of extensions, at the time of adoption of the Model, the "predicate offences" listed in the Decree are as follows:

I. Offences against the Public Administration (referred to in Articles 24 and 25 of Legislative Decree no. 231/2001)[1];

II. Computer offences and unlawful data processing (Article 24-bis of Legislative Decree no. 231/2001)[2];

III. Organized crime offence (Article 24-ter of Legislative Decree no. 231/2001)[3];

IV. Counterfeiting currency, legal tenders, revenue stamps and identifying instruments or signs (Article 25-bis of Legislative Decree no. 231/2001)[4];

V. Offences against industry and commerce (Article 25-bis.1 of Legislative Decree no. 231/2001)[5];

VI. Corporate offences (Article 25-ter of Legislative Decree no. 231/2001)[6];

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[1] These are the following offences: a) Article 24 of Legislative Decree 231/2001: embezzlement to the detriment of the State or the European Union (Article 316-bis of the Italian Code of Criminal Procedure), misappropriation of contributions, loans or other payments from the State (art. 316-ter of the Italian Code of Criminal Procedure), aggravated fraud against the State (Article 640, paragraph 2, No. 1, of the Italian Code of Criminal Procedure), aggravated fraud to obtain public funds (Article 640-bis of the Italian Code of Criminal Procedure), computer fraud against the State or another public body (Article 640-ter of the Code of Criminal Procedure); b) Art. 25 of Legislative Decree 231/2001, amended by Law no. 69 of May 27, 2015: corruption for an act in breach of official duties (Articles 318, 319, 319-bis and 321 of the Italian Code of Criminal Procedure), corruption in judicial proceedings (Article 319-ter of the Italian Code of Criminal Procedure), undue inducement to give or promise advantages (Article 319-quater of the Italian Code of Criminal Procedure) [added by Law no. 190 of November 6, 2012], corruption of a person in charge of a public service, [as amended by Law no. 190 of November 6, 2012], attempted bribery (Article 322 of the Italian Code of Criminal Procedure), Extortion (Article 317 of the Italian Code of Criminal Procedure), bribery and incitement to bribery of the members of bodies of the European Communities and officials of the European Communities and foreign States (Article 322-bis of the Italian Code of Criminal Procedure).

2 Article 24-bis was added by Art. 7 of the Law no. 48 of March 18, 2008. These are the offences of: unauthorized access into a computer or electronic system (Article 615-ter of the Italian Code of Criminal Procedure); illegal possession and dissemination of access codes to computer and telecommunications systems (Article 615-quarter of the Italian Code of Criminal Procedure); dissemination of programmes aimed at damaging or interrupting a computer system (Article 615-quinquies of the Italian Code of Criminal Procedure); unlawful interception, prevention or interruption of computer or electronic communications (Article 617-quarter of the Italian Code of Criminal Procedure); installation of equipment designed to intercept, prevent or interrupt computer or electronic communications (Article 617-quinquies of the Italian Code of Criminal Procedure); damage to information, data and computer programmes (Article 635-bis of the Italian Code of Criminal Procedure); damage to information, data and computer programmes used by the State or by other public body or of public utility (Article 635-ter of the Italian Code of Criminal Procedure); damage to computer or electronic systems (Article 635-quater of the Italian Code of Criminal Procedure); damage to computer or electronic systems of public utility (Article 635-quinquies of the Italian Code of Criminal Procedure); misrepresentation in electronic documents of probative value (Article 491-bis of the Italian Code of Criminal Procedure); computer fraud by electronic signature certification service providers (Article 640-quinquies of the Italian Code of Criminal Procedure).

[3] Article added by Article 2, paragraph 29, of Law no. 94 of July 15, 2009, and amended by Law no. 69 of May 27, 2015. It punishes criminal association of a simple nature, or of a mafia type or aimed at reducing or maintaining individuals in slavery or servitude, trafficking in persons, purchase or sale of slaves or the commission of other offences related to violations of the provisions against illegal immigration (Articles 416 and 416-bis of the Italian Code of Criminal Procedure); vote-buying involving politicians and the mafia (Article 416-ter of the Italian Code of Criminal Procedure); kidnapping for the purpose of robbery or extortion (Article 630 of the Italian Code of Criminal Procedure); criminal association for the illicit trafficking in narcotic or psychotropic substances (Article 74 of the Presidential Decree no. 309 of October 9, 1990), illegal manufacture, introduction into the State, offering for sale, transfer, possession and carrying, in a public place or place open to the public, of military weapons or weapons of the military type or parts thereof, explosives, unauthorized weapons as well as the more common firearms (Article 407, par. 2, letter a), number 5) of the Italian Code of Criminal Procedure).

[4] Article 25-bis was added by art. 6 of the D.L. 350/2001, converted into law, with amendments, by art. 1 of Law 409/2001. These are the offences of: Counterfeiting of money, spending and introduction into the State of counterfeit money, acting in concert (Article 453 of the Italian Code of Criminal Procedure), alteration of money (Article 454 of the Italian Code of Criminal Procedure), spending and introduction into the State of counterfeit money, not acting in concert (Article 455 of the Italian Code of Criminal Procedure), spending of counterfeit money received in good faith (Article 457 of the Italian Code of Criminal Procedure), forgery of revenue stamps, introduction into the State, purchase, possession or circulation of counterfeited revenue stamps (Article 459 of the Italian Code of Criminal Procedure), counterfeiting of watermarked paper used for the production of legal tender or revenue stamps (Article 460 of the Italian Code of Criminal Procedure), manufacture or possession of watermarks or instruments for counterfeiting money, revenue stamps or watermarked paper (Article 461 of the Italian Code of Criminal Procedure), use of counterfeited or altered revenue stamps (Article 464 of the Italian Code of Criminal Procedure). Furthermore, Law no. 99/2009, which came into force on August 15, 2009, reformulated the title of Art. 25-bis in "Counterfeiting currency, legal tender, revenue stamps and identifying instruments or signs" and added new predicate offences that were not contemplated in the previous wording of the article. In particular, the amendments added to letter f-bis) the entities' liability for the offences of: counterfeiting, alteration or use of trademarks or distinctive signs of intellectual property or industrial products (Article 473 of the Italian Code of Criminal Procedure), and introduction into the State and trade in products with false signs (Article 474 of the Italian Code of Criminal Procedure).

[5] Article added by Article 17, par. 7, letter b) of Law no. 99 of July 23, 2009. The offence punished include: obstructing the freedom of industry and commerce (Article 513 of the Italian Code of Criminal Procedure); fraud in trade (Article 515 of the Italian Code of Criminal Procedure); the sale of non-genuine foodstuffs as genuine (Article 516 of the Italian Code of Criminal Procedure); the sale of industrial products with misleading signs (Article 517 of the Italian Code of Criminal Procedure); the counterfeiting of geographical indications or designation of origin of farm produce (Article 517-quarter of the Italian Code of Criminal Procedure); the manufacture and sale of goods made by usurping industrial property rights (Article 517-ter of the Italian Code of Criminal Procedure); illicit competition with threats or violence (Article 513-bis of the Italian Code of Criminal Procedure); fraud against national industries (Article 514 of the Code of Criminal Procedure).

[6] Article 25-ter was added by Art. 3 of Legislative Decree no. 61/2002 and then amended by Law no. 262/2005, Law no. 190/2012, Law no. 69/2015 and Legislative Decree no. 38/2017. These are the offences of: false corporate communications (Article 2621 of the Italian Civil Code), minor misleading information (Article 2621-bis of the Italian Civil Code), false statements by listed companies (Article 2622 of the Italian Civil Code), hindering auditing activities (Article 2625, paragraph 2 of the Italian Civil Code), fictitious increase of share capital (Article 2632 of the Italian Civil Code), undue reimbursements of capital contributions (Article 2626 of the Italian Civil Code), illegal distribution of profits and reserves (Article 2627 of the Italian Civil Code), illicit transactions on the shares or quotas of the Company or of its holding company (Article 2628 of the Italian Civil Code), illicit transactions to the detriment of creditors (Article 2629 of the Italian Civil Code), failure to disclose a conflict of interest (Article 2629-bis of the Italian Civil Code), undue distribution of corporate assets by liquidators (Art. 2633 of the Italian Civil Code), bribery between private individuals

VII. Offences related to terrorism and subversion of the democratic order (Article 25-quater of Legislative Decree no. 231/2001)[7];

VIII. Offences of female genital mutilation practices (Article 25-quater.1 of Legislative Decree no. 231/2001)[8];

IX. Offences against the individual (Article 25-quinquies of Legislative Decree no. 231/2001)[9];

X. Market abuse (Article 25-sexies of Legislative Decree no. 231/2001)[10];

XI. Manslaughter or grievous bodily harm committed by violating health and safety regulations (Article 25-septies of Legislative Decree no. 231/2001)[11];

XII. Offences related to receiving and handling stolen goods, money laundering and use of money, goods or assets of illegal origin and self-laundering (Article 25-octies of Legislative Decree no. 231/2001)[12];

XIII. Offences related to violation of copyrights (Article 25-novies of Legislative Decree no. 231/2001)[13];

(Article 2635, paragraph 3 of the Italian Civil Code) [added by Law no. 190 of November 6, 2012 and amended by Legislative Decree no. 38/2017], incitement to corruption among private individuals (Article 2635-bis of the Italian Civil Code) [added by Legislative Decree no. 38/2017], illicit influence on the shareholders' meeting (Article 2636 of the Italian Civil Code), market rigging (Article 2637 of the Italian Civil Code), obstructing the functions of the public supervisory authorities (Article 2638 of the Italian Civil Code). Article 25-ter also recalls among the predicate offences two offences that were subsequently repealed: misrepresentations in financial statements (Article 2623, paragraph 2, of the Italian Civil Code - repealed by Article 34 of Law no. 262 of December 28, 2005), and false reports or false communications by auditing companies (Article 2624 of the Italian Civil Code - repealed by Article 37 paragraph 34 of Legislative Decree no. 39 of January 27, 2010). On the basis of the principle of legality of the list of predicate offences (see Ordinary Court of Milan, examining magistrate section, Judgment No. 12468 of November 3, 2010, GUP D'Arcangelo, see also Court of Cassation sentence no. 41488 of 29.9.2009, Rimoldi and others) the hypothesis of administrative offences arising from repealed offences to which the Art. 25-ter Legislative Decree no. 231/01 formally still refers, are currently inapplicable due to ius superveniens.

[7] Article *25-quater* was added by art. 3 of the law of 14 January 2003, no. 7. These are "offences for the purpose of terrorism or subversion of the democratic order provided for by the Italian Code of Criminal Procedure and by special laws", as well as for offences "that have been committed in breach of the provisions of Article 2 of the International Convention on the Suppression of the Financing of Terrorism signed in New York on December 9, 1999". This Convention punishes anyone who illegally and maliciously provides or raises funds knowing that they will be, even partially, used to perform: (i) acts intended to cause death or serious bodily injury to a civilian, when the purpose of such act is to intimidate a population, or coerce a government or an international organization; (ii) acts constituting an offence in accordance with the conventions relating to: flight and navigation safety, protection of nuclear material, protection of diplomatic agents, repression of attacks by use of explosives. The category of "offences for the purpose of terrorism or subversion of the democratic order provided for by the Italian Code of Criminal Procedure and by special laws" is mentioned by the Legislator in a generic way, without indicating the specific rules whose violation would entail the application of this article. In any case, it is possible to identify the main predicate offences under article *270-bis* of the Italian Code of Criminal Procedure (associations for the purposes of terrorism, including international terrorism, or subversion of the democratic order) which punishes those who promote, organize, direct or finance associations that advocate the commission of violent acts with terrorist or subversive purposes; 270-ter of the Italian Code of Criminal Procedure (assistance to members) who punishes those who give shelter or provide food, hospitality, means of transport and communication to any persons who participate in associations with terrorist or subversive purposes; art. *270-quater* of the Italian Code of Criminal Procedure (enlistment for the purpose of terrorism, including international terrorism; *270-quinquies* of the Italian Code of Criminal Procedure (training for activities with the purpose of terrorism, including international terrorism); Article *270-sexies* (conduct for the purpose of terrorism) 280 (terrorist attack or subversion) of the Italian Code of Criminal Procedure; Article *280-bis* of the Italian Code of Criminal Procedure (acts of terrorism with deadly or explosive devices), Article *289-bis* of the Italian Code of Criminal Procedure (taking of hostages for the purpose of terrorism or subversion), Article 302 of the Italian Code of Criminal Procedure (instigation to commit any of the aforementioned offences); Art. 1 DL 625/1979, conv./15/1980, Law 342/1976 concerning the suppression of unlawful acts against the safety of air navigation, Law 422/1989 concerning unlawful acts against the safety of maritime navigation and unlawful acts against the safety of fixed platforms on the continental shelf.

[8] Article *25-quater*.1 was added by art. 8 of the law of 9 January 2006, no. 7. These are the offences of female genital mutilation practices (Article *583-bis* of the Italian Code of Criminal Procedure).

[9] Article *25-quinquies* was added by art. 5 of the law of 11 August 2003, n. 228 and then amended by Law 38/2006. These are the offences of: enslavement (Article *600* of the Italian Code of Criminal Procedure), child prostitution and exploitation of the same (Article *600-bis* of the Italian Code of Criminal Procedure), child pornography and exploitation of the same (art *600-ter* of the Italian Code of Criminal Procedure), possession of pornographic material produced through the sexual exploitation of minors (article *600-quater* of the Italian Code of Criminal Procedure), virtual pornography (article *600-quater* 1 of the Italian Code of Criminal Procedure), tourism aimed at the exploitation of child prostitution (Article 600 *-quinquies* of the Italian Code of Criminal Procedure), trafficking and slave trade (article 601 of the Italian Code of Criminal Procedure), alienation and purchase of slaves (article 602 of the Italian Code of Criminal Procedure).

[10] Article 25-*sexies* was added by art. 9 of Law 18 April 2005, no. 62 (European Community law of 2004). These are offences of insider dealing (Article 184 of Legislative Decree no. 58/1998) and of market manipulation (Article 185 of Legislative Decree no. 58/1998).

[11] Article 25-*septies* was added by art. 9 of Law no. 123/2007 and then substituted by art. 300 of Legislative Decree no 81/2008. It refers to the offences of manslaughter (Article 589 of the Italian Code of Criminal Procedure) and grievous bodily harm (Article 590 of the Civil Code).

[12] Article 25-*octies* was added by article 63 of Legislative Decree no. 231/2007. Already provided for by Law no. 146/2006, it punishes offences related to handling stolen goods (Article 648 of the Italian Code of Criminal Procedure), money laundering (article 648-*bis* of the Italian Code of Criminal Procedure) and the use of money, goods or assets of illicit origin (article 648-ter of the Italian Code of Criminal Procedure). The law of December 15, 2014, no. 186 introduced into article 25-octies the offence of "self-laundering" (article 648-ter.1 of the Italian Code of Criminal Procedure).

XIV. Induction not to make statements or to make false statements before judicial authorities (Article 25-decies, Legislative Decree 231/2001)[14];

[13] Article 25-*novies* was added by Law no. 99/2009, article 15, paragraph 7, letter c). These are the offences covered by articles 171, first paragraph, letter a-bis, and third paragraph, 171-bis, 171-ter, 171-septies, 171-octies) of the law no. 633 of 22 April 1941. The aforementioned articles sanction a plurality of conducts summarized below: undue dissemination through protected electronic networks of protected works, in whole or in part; the penalty is aggravated if the work of others is not intended for diffusion, or the authorship of the work is usurped, or there is any modification of the work, if the honor or reputation of the author is harmed (article 171, paragraph 1, letter a-*bis* and paragraph 3); illegal duplication, for profit, of computer programmes; import, trade, leasing, holding, for profit, of programmes contained in media not marked by SIAE; import, trade, possession, for profit, of means intended solely to allow or facilitate the arbitrary removal or functional evasion of devices applied to protect computer programmes (article 171-*bis* paragraph 1); reproduction, communication or dissemination, extraction or re-use in violation of articles 64-*quinquies*, 64-*sexies*, 102-*bis* and 102-*ter*, distribution, sale or lease of a data bank in order to profit from it, on non-SIAE supports (article 171-*bis* paragraph 2); duplication, reproduction, transmission or unauthorized dissemination of intellectual property on any medium - text, audio, video or other, also in combination with each other, for profit or in any case for a number exceeding fifty copies; illegal decryption or use/dissemination of tools for illegal decryption (article 171-*ter*); production or import of non-SIAE supports (article 171-*septies*); production, trade, modification, use for fraudulent purposes for public and private use of equipment or parts of equipment for the decoding of conditional access audiovisual broadcasts, even if not subject to fees (article 171-*octies*).

[14] The article was added by article 4, paragraph 1, of Law no. 116 of 3 August 2009, as article 25-novies, without taking into account the addition of article 25-novies by article 15, paragraph 7, letter c), of Law no. 99 of 23 July 2009. This is the reason why this article is renumbered as article 25-decies. It is the offence of induction not to make statements or to make false statements to the judicial authorities (Article 377-*bis* of the Italian Code of Criminal Procedure).

XV. Transnational offences referred to in Article 10 of the Law no. 146/2006 "Ratification and execution of the United Nations Convention and Protocols against Transnational Organized Offence, adopted by the General Assembly on November 15, 2000 and May 31, 2001"[15][16];

XVI. Environmental offence (article 25-undeceis of Legislative Decree no. 231/2001)[17];

XVII. Employment of third-country nationals residing without authorization (Article 25-duodecies of Legislative Decree no. 231/2001)[18]:

XVIII. Racism and xenophobia (Article 25-terdecies Legislative Decree 231/2001)[19]

The detail of the administrative offences for each category listed, is attached in the "Catalogue of predicate offences", and the presumed offences applicable to the company are also included in each section of the Special Section of the Model.

1.2.2 Criteria for the attribution of Entity liability and the exemptive function of the Model.

In case the Entity commits one of the Offences, it can be held liable in the presence of certain conditions that qualify as criteria for attribution of Entity liability.

The criteria for attribution are objective and subjective.

Regarding the objective attribution criteria, the decree provides that the Entity is liable when:

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[15] The definition of "transnational offence" is contained in article 3 of Law n. 146/2006, where it is specified that this is considered "the offence punished with imprisonment of no less than a maximum of four years, if an organized criminal group is involved", with the further condition that at least one of the following requirements are met: "Is committed in more than one State" or "is committed in one State, but a substantial part of its preparation, planning, direction or control takes place in another State" or "is committed in one State, but involves an organized criminal group engaged in criminal activities in more than one State" or "is committed in one State but has substantial effects in another State" [article 3, lett. a), b), c) and d)].

Article 10 of Law no. 146/2006 provides for the administrative liability of bodies for the following offences: criminal association offences set out in Articles 416 ("criminal association") and 416-*bis* ("Mafia-type association") of the Code of Criminal Procedure; in art. 291-*quater* of the Presidential decree no. 43/73 ("criminal association for the smuggling of foreign manufactured tobacco products") and article 74 of the Presidential decree no. 309/90 ("association for the illicit trafficking in narcotic drugs or psychotropic substances"); offences concerning illegal immigration as per article 12, paragraphs 3, 3-bis, 3-ter and 5 of Legislative decree no. 286/98; offences concerning the "obstruction of justice" pursuant to article 377-bis of the Code of Criminal Procedure ("induction not to make statements or to make false statements to the judicial authorities") and 378 of the Code of Criminal Procedure ("abetting").

In this case, the extension of the administrative liability of Bodies to cover the aforementioned offences was not carried out - as before - with the inclusion of further provisions in Legislative decree 231/2001, but through a separate provision contained in the aforementioned article 10 of Law no. 146/2006, which establishes the specific administrative sanctions applicable to the offences listed above, providing in the last paragraph that "the administrative offences provided for in this article shall be governed by the provisions of Legislative decree of June 8, 2001, no. 231".

[16] Law No. 94 dated 15 July 2009 (Article 2, paragraph 29) added into Legislative Decree 231/2001 the article 24-*ter* (Organized offence offences), which identifies as predicate offences for which an Entity can be held liable the offences listed in articles 416 and 416-*bis* of the Code of Criminal Procedure, and in article 74 of the Presidential decree of 9 October 1990, no. 309, even without the requirement of transnationality.

Article 4 of the Law no. 116/2009 added to Legislative Decree 231/2001 article 25-*novies* (Induction not to make statements or to make false statements to the judicial authority), which identifies as a predicate offence for which an Entity can be held liable the offence referred to in article 377-bis of the Code of Criminal Procedure even without the requirement of transnationality.

[17] Article added by Legislative Decree of July 7, 2011, no. 121; it includes the following predicate offences: "killing, destruction, capture, collection, possession of specimens of protected wild fauna and flora species" (article 727-bis of the Italian Code of Criminal Procedure); destruction or deterioration of habitats within a protected site (article 733-bis paragraph of the Code of Criminal Procedure); discharges of industrial waste water containing dangerous substances; discharges on the ground, in the subsoil and in the groundwater; discharge in sea waters by ships or aircraft (Legislative Decree 152/06, article 137); unauthorized waste management activities (Legislative Decree 152/06, article 256); pollution of soil, subsoil, surface waters or groundwater (Legislative Decree 152/06, article 257); violation of the obligations of communication and keeping of mandatory registers and forms (Legislative Decree 152/06, article 258); illegal trafficking of waste (Legislative Decree 152/06, article 259); organized activities for the illegal trafficking of waste (Legislative Decree 152/06, article 260); false indications on the nature, composition and chemical-physical characteristics of the waste in the preparation of a certificate of analysis of waste; inclusion in the SISTRI of a certificate of analysis of false waste; omission or fraudulent alteration of the paper copy of the SISTRI sheet - handling area in waste transport (Legislative Decree 152/06, article 260-bis); import, export, possession, use for profit, purchase, sale, display or holding for sale or for commercial purposes of protected species (Law 150/92, Article 1 and Article 2); Arson pollution (Legislative decree no. 202/07, article 8), Compulsive pollution (Legislative Decree no. 202/07, article 9).

The Law of 22 May 2015, n. 68 added to article 25-undecies the following predicate offences: environmental pollution (Article 452-bis of the Italian Code of Criminal Procedure), environmental disaster (Article 452-quater of the Italian Code of Criminal Procedure), culpable offences against the environment (Article 452-quinquies of the Italian Code of Criminal Procedure), trafficking and abandonment of material with high-level radioactivity (Article 452-sexies of the Italian Code of Criminal Procedure), aggravating circumstances, such as the positing of criminal association and mafia-type association (Article 452-octies cp).

[18] Article added by Legislative Decree July 16, 2012, no. 109 related to article 22, legislative decree 25 July 1998, no. 286 (temporary or permanent employment), amended by Law no. 161 of 17 October 2017, where Article 30, paragraph 4 of the reform introduces monetary and disqualifying sanctions for the offence and for aiding and abetting of illegal immigration as per article 12 of Legislative Decree 286/1998.

[19] Article added by Law 167/2017 entered into force on 12 December 2017 containing "Provisions for the fulfillment of obligations deriving from Italy's membership of the European Union - European Law 2017".

a) the offence has been committed by a party linked to the Entity by a qualified relationship, namely:
   - A party holding representation, administration or management functions of the entity or of one of its organizational units endowed with financial and functional autonomy, or by a party that performs the de facto management and control thereof (so-called top manager);
   - A party subjected to the management or supervision of a top manager (so-called subordinate).

b) the offence has been committed in the interest or to the advantage of the Entity.

The Entity is not liable if the offence was committed in the exclusive interest of the offender or of third parties.

The Entity's *interest* exists when the offender has acted intentionally to benefit the Entity, regardless of whether this objective was actually achieved.

The *advantage* exists when the Entity has drawn, or could have drawn, a positive result from the offence, whether economic or not.

Interest and advantage are alternative criteria. Therefore, the Entity is held liable when at least one of the two occurs.

The decree does not require that the benefit obtained or expected by the Entity be necessarily of an economic nature: therefore, liability exists not only when the unlawful conduct has led to an economic advantage, but also in the case in which the offence is committed to benefit the interest of the Entity even in the absence of such concrete result.

Articles 6 and 7 of the Decree regulate the subjective criteria for attribution of Entity liability, which vary depending on whether the offence is committed by a manager or by a subordinate subject.

In the case of Offences committed by a manager, Article 6 of the Decree provides for a specific form of exemption from Entity liability, if the Entity proves that:

a) prior to the commission of the offence, the governing body of the Entity had adopted and effectively implemented an organization, management and control model suitable to prevent offences of the same type as those laid down in the Decree;
b) the task of supervising the functioning and compliance of the organization, management and control model as well as its updating, has been entrusted to a body of the entity endowed with independent powers of initiative and control (the Supervisory Body or SB);
c) the persons who committed the offence acted by fraudulently eluding the model;
d) Supervision by the SB was not omitted or insufficient.

The conditions listed above must all be present in order for the Entity's liability to be excluded.

In the case of Offences committed by a Subordinate, Article 7 of the Decree provides that the Entity will be liable only in the event that the Offence was made possible by a failure to comply with management and supervision obligations. Such failure is excluded if the Entity has adopted and effectively implemented a Model suitable for preventing offences before the commission of the Offence.

1.3. Offences committed abroad

Pursuant to Article 4 of the Decree, the Entity may be liable in Italy for Offences committed abroad provided that:

- The Entity has its headquarters in the territory of the Italian State;
- The general conditions provided for by articles 7, 8, 9 and 10 of the Italian Code of Criminal Procedure are met in order to be able to prosecute in Italy an offence committed abroad;
- The offence is committed abroad by a person who is functionally connected to the Entity;
- The State in which the offence was committed has not taken legal action.

1.4. Sanctions

If the Entity' liability is ascertained, the sanctions referred to in articles 9 and following of the Decree will be applied, namely:

a) pecuniary sanctions;
b) disqualifying sanctions;
c) confiscation;
d) publication of the conviction ruling.

The Criminal Judge, having ascertained the Entity's liability, shall determine the type of sanction to be applied. As stated above, the Entity is considered responsible even if the Offence has been attempted; in this case, the pecuniary and disqualifying sanctions will be reduced by one third to a half (Article 26 of the Decree). Pursuant to Article 26 of the Decree, the Entity is not liable when it voluntarily prevents the performance of the action or the realization of the event.

1.4.1. Pecuniary sanctions

Pecuniary sanctions consist in the payment of a sum of money established by the Decree - no less than € 10,329.14 (article 12, paragraph 4 of the Decree) and no more than € 1,549,000.00 - to be determined concretely by the Judge through a two-phase evaluation system (so-called "quota system").

The pecuniary sanctions are applied using a quota system, no less than 100 and not more than 1,000 with a minimum amount of € 258 and a maximum of € 1,549.

1.4.2. Disqualifying sanctions

Disqualifying sanctions may include:

a) a ban from exercising the activity;
b) suspension or revocation of authorizations, licenses or concessions functional to the commission of the offence;
c) the temporary or permanent disqualification from contracting with the Public Administration, except to obtain the services of a public service;
d) exclusion from reductions, loans, grants or subsidies and the possible revocation of those already granted;
e) temporary or permanent ban on advertising goods or services.

Disqualifying sanctions may be applied, also jointly, exclusively in relation to the offences for which they are expressly provided for by the Decree.

The conditions for the application of disqualifying sanctions are:

- that the Entity has derived a substantial profit from the offence, and that the offence was committed by a Top Manager or a Subordinate when, in the latter case, the commission of the offence was determined or facilitated by serious organizational failings;
- reiteration of the offences.

Even if one or both of the above conditions are met, the disqualifying sanctions are not applied should one of the following circumstances occur:

a) the offenders have committed the offence in their own sole interest or that of third parties, and the Entity has not obtained an advantage or has obtained a negligible advantage;
b) the financial loss caused is negligible;
c) before the first-degree trial is declared open, all the following conditions are fulfilled, considered impeding the application of a disqualifying sanction:
    - The Entity has fully compensated the damage and eliminated the harmful or dangerous consequences of the offence, or has, in any case, acted towards achieving such result;
    - The Entity has eliminated the organizational deficiencies that led to the offence, through the adoption and implementation of a Model;
    - The Entity has made available the profit obtained for the purpose of confiscation.

Disqualifying sanctions can also be applied as a precautionary measure, although never jointly (upon request to the Judge by the Public Prosecutor) when the following conditions are met:

- there is serious evidence of the Entity's liability;

- there are well-founded and specific elements that make real the danger that other illicit acts are committed, of the same nature as those for which legal action is undertaken.

When ordering precautionary measures, the judge takes into account their specific suitability in relation to the nature and degree of precautionary requirements to be met in each actual case, the necessary proportion between the measure applied, the offence and the final sanction that may be applied to the Entity.

1.4.3. Publication of the conviction ruling

The sentence is published only once, in full or in part, by the Chancellery and at the Entity's expense, in one or more newspapers indicated in the sentence, and by being affixed in the Municipality where the Entity has its main office.

The publication of the conviction ruling can be ordered when a disqualifying sanction is applied to the Entity.

1.4.4. Confiscation

Confiscation consists in the State's acquisition of the price or profit generated by the offence, except for the part that may be returned to the damaged party and without prejudice to the rights acquired by third parties in good faith. When it is not possible to carry out confiscation in kind, the state may seize sums of money, goods or other assets equivalent to the price or profit generated by the offence.

1.5. Precautionary measures

Pending the criminal proceedings, upon request of the Public Prosecutor, the Judge may order the aforementioned disqualifying measures as a precautionary measure.

The application of precautionary measures is conditioned to the existence of serious indications of the Entity's responsibility, as well as of sufficient elements supporting the concrete danger that further offences of the same nature will be committed.

Similarly to the precautionary measures applied in proceedings against natural persons, those related to Entities must possess the requirements of proportionality, suitability and adequacy (Article 46): they must be proportionate to the offence and to the sanction that may be imposed, suitable to the nature and to the degree of the precautionary requirements and adequate to the concrete precautionary requirement for which the measure was requested, which could not be satisfied with different measures. The duration of the sanctions imposed as a precautionary measure (Article 51) is determined by the judge and cannot, in any case, be more than one year.

If a conviction ruling has already been passed in the first-degree trial, the duration of the precautionary measure may correspond to that of the conviction, subject to the limit of three and a half years (Article 51, paragraph 2).

The legislator also envisages the hypothesis of suspension of the precautionary measures as well as revocation and replacement of the same.

Instead of disqualifying sanctions, the court may appoint an administrator for the Entity as a precautionary measure for the entire duration of the sanction that would have been applied.

1.6. Events adjusting the Entity

The Decree includes rules for Entity liability based on the type of offence in case of events adjusting the organization itself, such as transformation, mergers, demergers and transfer of business.

The Decree has attempted to reconcile the need to avoid that the aforementioned transactions result in a convenient way of avoiding liability, with that of excluding excessively penalizing effects, which may constitute a limitation for the reorganization of Entities that is carried out without the intent of eluding sanctions.

Therefore, a general criterion was adopted for regulating the pecuniary sanctions imposed to the Entity in accordance with the principles of the Civil Code, in relation to the liability of the Entity subject to adjustment for the debts of the original entity; instead, the disqualifying sanctions are related to the branch of activity in which the offence was committed.

In case of

- transformation of the Entity, it continues to be liable for offences committed before the date in which the transformation took effect;
- merger, the Entity resulting from the merger, including by incorporation, is liable for the offences committed by the merged/ merging entities;
- partial demerger, the demerged Entity continues to be liable for the offences committed before the demerger. The Entities benefiting from the partial or total demerger are jointly liable for the payment of pecuniary sanctions due by the demerged Entity for the offences committed before the demerger. The fines are limited to the actual value of the net assets transferred to each Entity, except for the Entity to which the branch of activity in which the offence was committed has been transferred, including a part thereof;
- sale or transfer of a business in which the Offence was committed, the transferee is jointly liable with the seller for the payment of the fine, without prejudice to the benefit of preventive enforcement of the transferring entity, and within the limits of the value of the business. The transferee is only liable for the payment of the fines recorded in the mandatory accounting books, or due to administrative offences of which the transferee was aware.

1.7. Provisions of the Decree regarding the characteristics of the Model

The Decree does not regulate the nature and characteristics of the Model in detail, but it sets out certain general principles. With regard to the extension of the delegated powers and the risk of commission of the Offences, the Model must have the following characteristics:

- identify the company activities in which Offences may be committed (risk areas);
- provide for specific protocols design to plan how the Entity takes and implements decisions in order to prevent the Offences;
- identify how the financial resources suitable for preventing the commission of offences will be managed;
- establish obligations to provide information with respect to the Supervisory Body;
- introduce a suitable disciplinary system for sanctioning failure to comply with the Model's provisions.

Furthermore, Law no. 179 of November 30th 2017, “Provisions for the protection of persons disclosing offences or irregularities that they witnessed as part of a public or private working relationship”[20] has added new eligibility requirements, and therefore the model must also contain the indications referred to in paragraphs 2-bis, 2-ter and 2-quater of article 6 of Legislative Decree 231/2001.

However, the mere adoption of the Model is not sufficient. Entities must also arrange suitable measures for an efficient implementation of the Model, implying:

- A periodic review and possible modifications of the Model, when significant violations of the provisions are found or when changes occur in the organization or in its activity;
- A disciplinary system capable of punishing failure to comply with the measures indicated in the model.

Finally, a special body within the company - called the Supervisory Body (SB) - with sufficient powers and independence, must be set up to supervise the compliance and operations of these Models, so formed and implemented, and update them.

From a formal point of view, the adoption and effective implementation of a Model does not constitute an obligation for the Entity. Consequently, failure to adopt a Model pursuant to the Decree does not in itself entail any sanction for the Entity. However, the adoption and effective implementation of an Eligible Model is a prerequisite for the Entity in order to be able to benefit from the exemption provided for by the Decree in the case of Offences committed by Top Managers and / or Subordinates.

The Model therefore constitutes the set of rules, principles, procedures and controls that regulate the organization and management of the company with the aim of preventing the commission of offences.

The Model varies and takes into account the nature and size of the Entity and the type of activity it performs. Therefore, it is not a static tool, but it is, instead, a dynamic apparatus that allows the Entity to mitigate the risk of commission of the Offences through its correct and effective implementation over time.

[20] Published in Gazzetta Ufficiale n. 291 of 14 December 2017 and entered into force on 29 December 2017.

1.8. The codes of conduct established by the associations representing the entities

For the preparation of the Model, the entity can follow the codes of conduct drawn up by the representative associations such as, for Arper, the Guidelines prepared by Confindustria.

The "Guidelines for the development of organizational, management and control models pursuant to Legislative Decree no. 231/2001" issued by Confindustria were disseminated on 7 March 2002, integrated on 3 October 2002 with an appendix relating to the so-called corporate offences (introduced in Legislative Decree 231/2001 pursuant to Legislative Decree No. 61/2002) and updated, most recently, in March 2008.

On 2 April 2008, the Ministry of Justice announced the conclusion of the procedure for examining the new version of the Confindustria Guidelines. These were approved as the update was deemed "*adequate and suitable for achieving the purpose set forth in article 6, paragraph 3 of Legislative Decree no. 231/2001*".

In 2014, Confindustria updated the Guidelines after an extensive and in-depth review process. The new version aligned the previous text of 2008 to the legislative, jurisprudential and applicative practices introduced in the meantime, maintaining the distinction between its two sections, general and special. The main changes and integrations of the General Section concern: the new section on liability for the offences and the table summarizing predicate offences; the disciplinary system and the sanctioning mechanisms; the Supervisory Body, with particular reference to its composition; the phenomenon of groups of companies. The Special Section underwent significant changes, aimed not only at dealing with new types of predicate offence, but also at introducing a systematic method of analysis easier to use for the parties concerned. The document was submitted to the scrutiny of the Ministry of Justice, which announced its final approval on 21 July 2014.

The *Guidelines* provide companies with indications and measures for the preparation of organizational models essentially based on business practice. In short, they provide an overview of the regulatory system introduced by Legislative Decree 231/2001 and set out principles for carrying out risk assessment, preparing internal protocols, drafting the Code of Ethics and setting up the disciplinary system of the company, as well as identifying the Supervisory Body. It also lists a series of predicate offences relevant to ascertaining administrative liability.

1.9. Ascertaining the administrative offence

In addition to the specific provisions laid down by Legislative Decree 231/2001, the proceedings concerning administrative liability for an offence are also regulated by the provisions of the Italian Code of Criminal Procedure and of Legislative Decree 271/1989[21].

Therefore, even if it is of an administrative nature, the entity's liability for the offence is ascertained through criminal proceedings and, specifically, by the same court called to decide on the predicate offence committed by a top management member or by a subordinate (articles 36 and 38 of Legislative Decree 231/2001).[22]

However, pursuant to article 37 of Legislative Decree 231/2001, it is not possible to proceed with the ascertainment of an entity's administrative liability when prosecution against the top management member or subordinate who committed the offence cannot be launched or continued due to the lack of a plaintiff, of the application for proceeding, of the request to start proceedings or of the authorization to proceed (that is to say, the conditions of admissibility of an application to court set forth in articles 336, 341, 342, 343 of the Code of Criminal Procedure).

Finally, it is worth recalling that the entity's liability for the offence is substantially of a negligent nature. Therefore, the criminal court will be called to:

verify whether a predicate offence has been committed;

investigate the company's real responsibility/guilt, which also ascertains the effective adoption and implementation of measures aimed at preventing the offence;

assess the suitability of such measures and of the Organizational Models adopted, that is, on their ability to erase or at least mitigate, with reasonable certainty, the risk of the commission of the offence subsequently occurring for independent reasons.[23]

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[21] *"Norme di attuazione, di coordinamento e transitorie del Codice di Procedura Penale"* (Italian provisions of the Italian Code of Criminal Procedure).

[22] Except proceeding separately in the cases provided for by article 38, paragraph 2 of Legislative Decree 231/2001: "*Separate proceedings are taken for the entity's administrative offence only when: a) the suspension of the proceeding has been ordered pursuant to Art. 71 of the Code of Criminal Procedure* [stay of proceedings for incapacity of the accused *b) the proceeding has been defined by the abbreviated trial system or with the application of the punishment as per Art. 444 of the Code of Criminal Procedure* [application of punishing upon request]*, or a penal decree of conviction has been issued c) observance of the procedural provisions make it necessary*".

1.10. Suitability assessment

The task of ascertaining the company's liability is attributed to the criminal court and is carried out by verifying: the existence of a predicate offence for which the company is liable as well as the suitability of the organizational models adopted.

The court's assessment on the organizational model's suitability to prevent the offences referred to in Legislative Decree 231/2001 is based on the criterion of the so-called "Posthumous prognosis".

The suitability assessment should be formulated according to a substantially *ex-ante* criterion for which the judge places himself in the company when the offence occurred in order to test the suitability of the model adopted.[24]

In other words, the organizational model that before the commission of the offence should be able to erase or at least mitigate, with reasonable certainty, the risk of commission of the offence occurred must be deemed "suitable for preventing offences".[25]

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[23] In particular, in order to assess the abstract suitability of the Organizational Model to prevent the offences referred to in Legislative Decree 231/2001, the judge must ideally be placed in the company when the offence occurred, and verify thus, *ex ante factum*, the congruence of the model adopted. This type of assessment, typical of criminal law, is called "posthumous prognosis"

[24] Paliero, *La responsabilità della persona giuridica per i reati commessi dai soggetti in posizione apicale,* Paper read at the conference "Paradigma", Milano, 2002, p. 12. Rordorf, *La normativa sui modelli di organizzazione dell'ente,* in *Responsabilità degli enti, cit.,* supplement to no. 6/03 *Cassazione penale, 88 s.*

[25] See Amato, in the commentary to the Crown Prosecutor of Rome's order of 4-14 April 2003, in *Guida al diritto n. 31, 9 agosto 2003.*

2. Governance and organization of ARPER SPA

2.1. The company and its history

Arper spa is a leading Italian company that produces and distributes worldwide tables, chairs, and furnishings for the home and the workplace, as well as for communal spaces.

Arper was founded in 1989 as an evolution of a leather artisan enterprise created by the Feltrin family in the 1980s, which still runs the company.

At the end of the 1990s, Arper launched an industrial project that led the company to focus on design, and configure itself as a BtB company. It began using new materials and technologies, and made a significant change of scale. At the same time, the company began forming lasting partnership with renowned designers, who created the distinctive collections that make up Arper's unique brand today. Among the most significant collaborations, the one with the studio Lievore Altherr Molina (Barcelona), marked a milestone for Arper: a strong creative bond that found its expression in new products that have since become "long sellers" and still make up the brand's most representative collections.

Simultaneously with the evolution of its collections, Arper decided to focus the production on the contract sector, which generates most of the company's turnover today.

Since its inception, the company has been characterized by a strong drive to succeed in international markets, developing a winning strategy to achieve this goal over the years through the creation of a managerial structure which, beginning 2004, has gradually strengthened itself by setting up specific functional offices and enlisting key figures.

In parallel, the company has invested heavily in the development and consolidation of the supply chain organizational structure. The acquisitions in 2008 of Corium S.r.l., a company specialized in upholstery, and subsequently of the company Zuccato 2 S.r.l., a metal structures manufacturer, led to the gradual internalization of strategic activities.

Arper belongs to the group Marco's S.r.l. and employs a total of 230 people distributed among its headquarters in Monastier di Treviso, subsidiary and partner companies, as well as its showrooms in Italy and abroad.

Present in approximately 90 countries with a widespread network of dealers and agents, Arper is divided into an international structure made up of four subsidiaries (Arper Usa Inc, Ar Middle East Furniture Trading LLC, Arper Uk Ltd and Arper Japan KK), three branches (Arper Sweden, Arper Singapore, Arper Belgium) and 12 showrooms in the main world capitals: Milan, London, Cologne, Stockholm, Amsterdam, Oslo, New York, Chicago, Dubai, the in-house showroom at the Treviso Headquarters and the Tokyo showroom.

2.1.1 Business Purpose

At the time of introducing the present Organization and Management Model, ARPER SPA's main objects[26] include:

- The production, assembling, transformation, wholesale and retail sale of chairs, armchairs, furniture, accessories and furnishings in general, of related upholstery in fabric, leather and other materials, as well as other technical, electronic and computer products for indoor and outdoor furnishing solutions for the office, home, communal spaces and large public and private facilities;
- The study and implementation, for the economic development or sale, of patents, technologies, brands, know-how or otherwise of new inventions designed to have an industrial application in the field of furniture in general.
- Research and development in the field of furniture in general.
- Technical, commercial, industrial and logistical services for the furniture sector in general, also on behalf of third parties, also for the participation in tenders, including as leading partner or similar.

[26] Source: Statuto della Società (Articles of Association) deposited in Treviso on 2 May 2016 no. 6852 1T series

2.2. The Company's governance model

In consideration of its organizational structure and the activities carried out, the Company has adopted the so-called traditional type of administration and control system.

The Company's corporate governance system is therefore currently structured as follows:

The Shareholder's Meeting

The shareholders' meeting represents the universality of the members; the decisions made by the shareholders' meeting and adopted in compliance with the law and the by-laws are binding for all shareholders.

The Company currently has Marco's S.r.l. as its sole shareholder, and is subject, pursuant to art. 2497 of the Civil Code, to the management and coordination thereof; Articles 12, 13, 14, 15 and 16 of the Articles of Association set out how the company is operated and managed.

Board of Directors

The Company is managed by a Board of Directors whose members range from two to fifteen, as determined at the time of appointment. The Board of Directors is invested with full and unlimited powers for the ordinary and extraordinary management of the Company with no exceptions whatsoever. The Board has the right to carry out all the actions it deems appropriate for the implementation and achievement of the corporate goals, except actions exclusively reserved to the shareholders' meeting by Law.

The Chairman of the Board of Directors and the CEOs within the limits of the delegation, are legal representatives of the Company before third parties and in court. Articles 17, 18, 19, 20, 21 and 22 of the Articles of Association set out how the company is operated and managed.

The Board of Statutory Auditors[27]

The Company has appointed a Board of Statutory Auditors to monitor its compliance with the Law and with the Articles of Association, with the principles of administrative fairness, and in particular, verify the adequacy of the organizational, administrative and accounting structure adopted by the Company and its correct operation.

The Board of Statutory Auditors consists of three standing members and two alternate members. All members of the Board of Statutory Auditors remain in office for three financial years; they expire on the date of the shareholders' meeting called to approve the financial statement for the third year of office and may be re-elected.

Auditing Company[28]

The shareholder's meeting has entrusted the auditing and accounting control of the Company to an auditing company of primary standing.

2.3. The Company's organizational and control system

2.3.1 Organizational structure

At the time of approval of the present Model, the activity of ARPER SPA is as described in attachment 01_1_Organigram.

The company Organization Chart, like other company documents required by the quality system in place in the company, are consistent with other systems (health and safety at work, environment) aimed at making overall management more efficient.

Therefore, the aforementioned documents comply with the verification and approval rules established by the document management procedure in the ISO9001 quality system.

The tasks assigned to the roles indicated in the Organization Chart are indicated in the Job Description, which is managed according to the rules established by the document management procedure in the ISO9001 quality system.

[27] Article 25 of the Articles of Association

[28] Article 26 of the Articles of Association

2.3.2 Powers and mandates

ARPER has in place an articulate system of mandates and powers, documented and aligned to the organizational structure. Moreover, for specific issues such as health and safety in the workplace, it complies with the provisions set out in the relevant legislation.

2.3.3 The internal control and risk management system and certifications

The company manages certain types of risk through the following certifications:

- The Occupational Health and Safety Management System: In 2009 ARPER obtained the BS OHSAS 18001 certification, which demonstrates the Company's attention to health and safety in the workplace;
- The environmental management system: In 2006 ARPER obtained the environmental certification UNI-EN-ISO 14001 which defines the environmental policy, plans the activities that need monitoring, highlights roles and responsibilities, creates control procedures and establishes a verification system.

As far as continuous improvement of the processes is concerned, ARPER complies with the UNI-EN-ISO 9001 quality standard. This system has been in place since 1997 and has enabled ARPER to successfully apply a quality system that allows monitoring of company processes, and improvements to the organization’s effectiveness and efficiency, as well as customer satisfaction.

3. Arper's Organisational and Management Model pursuant to Legislative Decree 231/2001

3.1. Premise

As stated in the Company's Code of Ethics, ARPER complies with all those ethical principles which ensure that business and corporate activities are conducted in agreement with the law, and without prejudice to all stakeholders' legitimate expectations with respect to the company's activities.

ARPER is aware of the importance of adopting a system of internal control and risk management that can prevent unlawful conduct by its executives, employees, collaborators and representatives, as well as of not doing business with partners whose ethical integrity appears compromised or do not adhere to similar ethical principles.

Therefore, in addition to the benefit of exemption from liability given by the adoption of this Organization, Management and Control Model pursuant to Legislative Decree 231/2001 and following the Guidelines issued by Confindustria, the Company aims at fully integrating its internal control and risk management system, ensuring its adherence to good market practices and to high ethical standards over time, while at the same time encouraging efficient management of company activities.

Although the Decree does not provide that adoption of the Model is compulsory for entities, the Company has decided to comply with the provisions of the Decree for the reasons mentioned above, integrating and developing organizational, management and control systems over time. These include the conducts and safeguards in place for preventing risk and the commission of offences, in order to ensure continuous compliance with the purposes set out by the Decree, including through periodic dedicated reviews and updates.

3.2. Recipients

The principles and the contents of Model 231 are intended for all those who work towards the achievement of corporate objectives for different reasons and at various levels of responsibility, as well as for all third parties with whom ARPER establishes a business relationship.

In particular, the corporate bodies, the management and the employees are required to comply with and implement the principles and contents of Model 231 without exception.

External collaborators, business partners, suppliers and all those who have relationships with the ARPER Group's companies are required to comply with all the principles of the Code of Ethics that are applicable to them.

Furthermore, ARPER shall take all appropriate measures to ensure that consultants, commercial and financial partners, suppliers, customers and, in general, all third parties with whom ARPER maintains relations connected with their corporate activities, guarantee, in the performance of such relations, compliance with the law and refrain from engaging in unlawful conduct pursuant to Legislative Decree 231/2001.

All the Recipients of the Model are required to comply with the utmost diligence to the provisions contained in the Model and its implementation procedures, as well as to actively contribute to its implementation and to report any shortcomings to the Supervisory Body.

3.3. Goals and principles

By adopting the Model, the Company intends to pursue the following goals:

- Reiterate that ARPER condemns unlawful conduct as contrary to the provisions of the law, as well as to the ethical principles of the Company;
- Adapt its internal control system to the requirements established by law and/or consolidated by the jurisprudence in order for the Model to be effective in providing exemption from administrative liability;
- Inform about the serious consequences that could befall the Company should the pecuniary and disqualifying sanctions provided for by Legislative Decree 231/01 be applied, even as a precautionary measure, and highlight the related potential negative effects on all stakeholder, including indirect ones;

- Allow the Company constant monitoring and careful supervision of the activities, so as to be able to intervene promptly if risk profiles are detected, and possibly apply the disciplinary measures envisaged by the Model.

Through the Training and Communication activities described in chapter 6, the Company also intends to make all the recipients of the Model aware of the need to comply with the Model itself, as well as of the disciplinary sanctions that are applied as a consequence of the violation of the Model.

The principles adopted in the creation of the Model are aimed at overcoming a possible court decision on the Model's effectiveness in providing exemption from liability, as illustrated below:

- For the Model:
  - the activities/processes within which offences may be committed have been identified;
  - the control protocols have been defined in such a way that they cannot be circumvented if not fraudulently (that is, with the intention to deceive);
  - the Model in general, and the control protocols specifically, are adequate with respect to the objective of preventing offences of the same kind of the predicate offences;
  - the actions necessary for the effective implementation of the Model have been duly performed;

- For the Supervisory Body:
  - its duties and responsibilities related to monitoring the operations and compliance with the Model have been set out, as well as its responsibility for ensuring the Model is up to date;
  - specific powers of initiative and control have been set out, which can be implemented independently also thanks to a specific allocation of spending capacity and powers for certain company functions and management departments;
  - criteria and procedures for supervisory activities aimed at ensuring their effectiveness and adequacy have been defined;
  - a general obligation for all employees as well as specific obligations for certain management Departments and Functions of the Company to inform the Supervisory Body have been implemented;

- The procedures for managing financial resources and/or other utilities[29] have been reviewed in order to prevent top managers who oversee sensitive activities relating to offences against the Public Administration and corruption among private individuals from allocating funds before the actual corruptive offence is committed;

- A suitable disciplinary system for sanctioning failure to comply with the measures indicated in the model has been introduced;
- The Company's decision-making processes concerning planning and implementation of the entity's decisions regarding the offences to be prevented have been reviewed.

In identifying and assessment the adequacy of the measures to prevent negligence offences concerning health and safety in the workplace, specific reference was made to the provisions and guidelines of art. 30 of Legislative Decree 81/2008.

In assessing the adequacy of the measures to prevent environmental offences, reference was made to the provisions and guidelines of the Italian Consolidated Environmental Law and to the good practices for the "Management of the Environmental System".

In assessing the adequacy of the offence prevention measures, liabilities arising from so-called transnational offences introduced by law 146/2006 were also specifically taken into consideration.

More generally, ARPER defined its Model also on the basis of the code of conduct drafted by Confindustria (*Guidelines for the development of organizational, management and control models under Legislative Decree 231/2001*)[30] (source: www.confindustria.it).

In particular, ARPER has taken into account the general principles concerning the identification of controls in the Model referred to in the Confindustria Guidelines:

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[29] In particular, instrumental are those processes that may involve or generate the formation of the money supply and /or other benefits necessary for the execution of the potential corruptive action in the strict sense, identified within the sensitive activities listed in the categories of predicate offences of the Public Administration and Corruption between individuals.

[30] Update issued in March 2014, as required by Legislative Decree 231/2001 (Article 6, paragraph 3). The document was submitted for approval to the Ministry of Justice, which announced its final approval on 21 July 2014.

The principle of “segregation of tasks”, or of “segregation of functions”: “No one shall independently manage an entire process”. The system must ensure that the principle of separation of functions is applied. Following this principle, the authorization to carry out an activity must be under the responsibility of a person other than that who records, performs, or controls the activity.

Furthermore, the following principles must be applied:

a) no one may be granted unlimited powers;
b) powers and responsibilities must be clearly defined and disseminated within the organization;
c) the signing authorities must be consistent with the organizational responsibilities assigned, appropriately documented so as to guarantee a simple *ex post* verification if necessary.

The principle of “traceability” of operations / transactions: “Every operation, transaction, and action must be: verifiable, documented, consistent and congruous”.

All transactions must be adequately supported by documentation that can be subjected, at any times, to checks that certify the characteristics and motivations of transactions and identify the persons who authorized, carried out, recorded and verified the operation itself.

The safeguarding of electronic data and related procedures can be ensured by adopting the security measures already provided for by the European Regulation on the protection of personal data.

In this regard, Article 31 of the Code prescribes the implementation of security measures apt to mitigate the risks of accidental destruction, loss, unauthorized access to or processing of personal data that is not compatible or not compliant with the purpose for which the data was collected.

The principle of “documenting control activities”: “Documenting controls” (referred to the performance of controls, not to be confused with the documentation of the controls to be carried out).

The implementation of this principle requires that the control activities carried out within the overall Internal Control System be documented (in other words, that they are recorded). Controls may be documented in various ways: on paper (checks, reports, abbreviations, etc.) or electronic support (digital documents attesting authorizations, digital records of the results of the automated controls, etc.).

3.4. Integration of the Model in the internal control and risk management system

ARPER’s Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001, without prejudice to the specific purposes described above and relating to the exemption value provided for by the Decree, is part of the broader internal control and risk management system in force, adopted by the Company according to its control needs and purposes.

ARPER is aware of the complexity generated by the increased norms and persons entrusted with the supervision and internal control of the Company's activities.

For this reason, in order to ensure the best efficiency and effectiveness of both the control activities and the management of its internal control and risk management system, including independent verification of controls and, more generally, monitoring thereof, ARPER intends to adopt an integrated approach in the planning and maintenance (updating and testing) of its Internal Control System.

In this regard, the control protocols established by the Special Parts of this Model are integrated with other control programs already in place, including:

- The internal control and risk management system in its more general sense as a system aimed at ensuring effectiveness and efficiency of business processes, reliability of accounting and management information, compliance with applicable laws and regulations;
- The company quality management system, based on ISO 9001;
- The health and safety management in the workplace system, based on the OHSAS 18001: 2007 standard;
- The environmental management system, based on the ISO 14001 standard;

- specific programs of compliance with relevant regulations (rules and regulations on airport concessions, rules and measures regarding the protection of personal data, environmental rules and regulations, etc.).

Integration can be achieved with reference to the various phases of the internal control management process, among which the planning and implementation of internal controls, the performance of controls by the authorized parties, management supervision activities and the carrying out of independent checks by the parties responsible for monitoring the system as a whole.

3.5. Methodology for the preparation and updating of the Model

Given the possibility introduced by Legislative Decree 231/2001 regarding the effectiveness in providing exemption from liability by the adoption of an organizational and management model aimed at preventing predicate offences with respect to the administrative responsibility of the Company, ARPER has launched a project aimed at the preparation, adoption and implementation of its own organizational model for this purpose.

Consistent with the methodology required by the law and with that proposed in the Confindustria Guidelines, for the purposes of updating its Model 231 ARPER has carried out the following main activities:

- identification of the so-called sensitive business, through examination of the business model and discussion with the Management and Top Management who, given their roles, have the most comprehensive and far-reaching knowledge of the operations of the relevant business sector; the analysis was aimed at identifying and assessing the practical execution of the activities in which the risk of illegal conduct, albeit hypothetically, may occur or lead to the commission of predicate crimes pursuant to Legislative Decree 231/2001 (crime risk analysis and identification of sensitive activities);
- definition of control protocols able to prevent the commission of predicate offences;
- definition of control protocols able to ensure that the management of financial resources and utilities in general does not allow for the formation of the necessary funding to allow predicate offences to be committed;
- identification and assessment of control measures already in place and any critical issues to be subjected to subsequent improvement, by examining the internal controls in place, in compliance with the integrated approach adopted by the Company;
- design and implementation of the actions necessary for the improvement of the control system and its adaptation to pursue the objectives set out in the Decree, in light of and in consideration of the Confindustria Guidelines, as well as the fundamental principles of separation of tasks and definition of authorization powers consistent with the responsibilities assigned;
- definition / revision of the composition, attributions and procedures for the allocation of resources of the Supervisory Body;
- definition / revision of the methods for disseminating the Model and involving all company levels in the implementation of the related procedures and behavioral rules;
- forecast / review of the ex-post verification methods of corporate behavior, as well as periodic updating of the Model.

More specifically, the principles adopted in establishing a Model consistent with the necessary requirements pursuant with the regulation and relevant case law on the suitability and effective implementation of the Model, were in particular the following:

- as part of the independent verification activities, an organizational, management and control model has been adopted and effectively implemented to prevent predicate offences being committed where a risk has been identified, even if hypothetical or remote; in particular:
  - the predicate offences applicable to the business and sector in which ARPER operates (crime risk analysis) have been identified;
  - the sensitive processes and activities in which the crimes considered applicable in the previous point may be committed have been identified;
  - the methods of managing financial resources and all the resources that could facilitate or predicate the commission of crimes of corruption against both the public administration and the private sector have been revised;
  - as for control protocols, they have been defined in such a way as to reasonably ensure that predicate offences cannot be committed except by fraudulently avoiding said control protocols;
  - the suitability of the Model in general, and control protocols specifically, were taken into due account with respect to the objective of preventing predicate offences of the same nature;

- the actions necessary for the effective implementation of the Model have been performed;

- the task of supervising the functioning and observance of the Model and ensuring that it is updated has been entrusted to an Internal body of the entity with autonomous powers of initiative and control; in particular:
  - the duties and responsibilities concerning the supervision of the functioning and observance of the Model have been defined, as well as the responsibility for updating it;
  - specific powers of initiative and control have been set up, which can be autonomously implemented also thanks to the appropriate provision of spending capacity and specific powers of command in respect to certain functions and company departments;
  - criteria and procedures have been defined for supervisory activities useful for ensuring their effectiveness and adequacy;
  - obligations to provide information have been established with regard to the Supervisory Body, of a general nature for all employees and of a specific nature for some Departments and Functions of the Company;
- a suitable Disciplinary System has been introduced to sanction the non-compliance with the measures indicated in the Model, also in line with the provisions of art. 6, paragraphs 2-bis, 2-ter, 2-quater on whistleblowing in the private sector;
- the Company's decision-making processes regarding the planning, training and implementation of the entity's decisions regarding the crimes to be prevented have been revised;
- obligations to provide information to the Supervisory Body have been introduced.

3.6. Components and contents of the ARPER Organization, Management and Control Model

3.6.1 Legal requirements

For the Organization, Management and Control Models aimed at preventing predicate offences, art. 6 of Legislative Decree 231/2001 in paragraph 2 provides the following specific requirements:

a) that the activities in which crimes may be committed are identified;

b) that specific protocols are provided for the planning of the formation and implementation of decisions by the company in relation to the crimes to be prevented;

c) that methods for managing financial resources are identified apt to prevent crimes from being committed;

d) that there are obligations to provide information to the designated supervisory body overseeing the functioning and compliance of the models;

e) that a suitable Disciplinary System is introduced to sanction the non-compliance with the measures indicated in the model and in line with consecutive paragraphs 2-bis, 2-ter, 2-quater.

In light of these requirements and the more general considerations developed in this document, ARPER has identified the organization and documentation components of its Organization, Management and Control Model pursuant to Legislative Decree 231/2001.

3.6.2 Components of the ARPER Model

The Model described is composed of a complex set of documents, has been approved by the Board of Directors of ARPER, and is composed of the following main elements:

- Descriptive document of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001;
- Supervisory body;
- Disciplinary System and related sanctioning apparatus;
- Training and communication plan;
- Group Code of Ethics;
- Quality management system certified in accordance with the ISO 9001 standard;
- Occupational health and safety management system certified in accordance with the OHSAS 18001 standard;
- Environmental management system certified in accordance with the ISO 14001 standard;

- Internal procedures and rules, currently in force, for which full compliance is required by all staff and more generally by those to whom they are specifically applicable.

The following sections briefly describe the components of the Model, with references to the documents these components constitute or in which these components are described.

Descriptive document of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001

This document consists of a "General Section" and a "Special Section" divided into several sections for each macro category of "predicate offences".

The General Section includes the following main elements:

- discussion of the reference regulatory framework (Legislative Decree 231, main related regulations, relevant jurisprudence);
- description of ARPER's governance and organizational systems;
- description of ARPER's overall Organization, Management and Control Model pursuant to Legislative Decree 231/2001, including the description of the method adopted for its preparation[31], adoption and updating;
- description of the duties and responsibilities, composition and main operating procedures of the Supervisory Body;
- description of the Disciplinary System set up for sanctions concerning violations of code of conduct prescribed by the Model;
- description of the training and communication activities planned for the dissemination and application of the Model;
- description of the procedures envisaged for the updating and regular and timely adjustment of the Model;

The Special Section of the descriptive document of the Model includes the following main elements for each category of predicate offence:

- listing the types of crimes and administrative offences relevant to the administrative liability of the entities (the so-called predicate offences of the section);
- listing of the "sensitive" and / or instrumental activities, i.e. the company activities potentially vulnerable to the commission of the predicate offences of the section;
- the description, for each sensitive activity, of the control protocols that the Company is adopting for the prevention of predicate offences.

Supervisory body

The Board of Directors, while adopting the Model, also established the Supervisory Body and appointed the members whose duties, powers and information flows are defined in chapter 4 of the general section of this Model.

Disciplinary system and related sanctioning system

The Model includes a disciplinary system capable of sanctioning the violation of the provisions contained in the Model itself; this disciplinary system is described in the following chapter 5, which illustrates the sanctions for employees and corporate bodies, and refers to the aspects applicable to the disciplinary system stipulated by labor contracts and internal company codes and regulations.

Training and communication to be adopted to guarantee awareness of the measures and provisions of the model

The description of training and communication activities for employees and other subjects interacting with the Company forms an integral part of this Model and is described in the following chapter 6.

[31] Including the crime risk analysis referred to in Attachment 1.

Code of Ethics of the ARPER Group

The Code of Ethics of the ARPER Group, a key component of the Model, illustrates the principles and codes of conduct that the Company respects in conducting business and managing relations internally, with institutions and the public administration, with customers and suppliers, and with political parties and associations in general (stakeholders).

For this Model, the ARPER Code of Ethics represents a fundamental element, as a necessary component of the Model itself, and as a document that defines the principles and codes of conduct on which the control protocols envisaged by this Model are based.

The ARPER Code of Ethics is published on the company website www.arper.com.

Quality management system certified in accordance with the ISO 9001 standard

The quality standard to which the management system refers is ISO 9001; this system has been active since 2009.

The system allows ARPER to succe[32]ssfully apply a quality system to monitor business processes, and improve the effectiveness and efficiency of the organization and services offered.

Occupational health and safety management system certified in accordance with the OHSAS 18001 standard

ARPER is certified by the international standard BS OHSAS 18001 with a system to manage the Health and Safety of Workers and therefore implements its control system as required by paragraph 4 of article 30 of Legislative Decree no. 81/2008, in particular through the execution of two processes that contribute to the effectiveness and conformity of the management system itself, namely the “Internal Monitoring / Audit” and the "Management Review".

Environmental management system certified in accordance with the ISO 14001 standard

ARPER is certified by the ISO 14001 international standard for an environmental management system and therefore implements its own control system in accordance with the certification standards and with the provisions of the Consolidated Environmental Law and relevant regulations.

Regulations, procedures and internal rules of ARPER

As previously mentioned, the internal "Regulations" defined for specific subjects, all the Company's internal procedures and regulations currently in force must be considered as an integral part of the overall ARPER Organization, Management and Control Model; in fact, since all the employees to whom they are applicable are called upon to comply fully with these regulations and procedures, these procedures constitute for all intents and purposes one of the instruments also used by the Company to ensure compliance with the principles to which the standards introduced by Legislative Decree 231/2001 are implemented together with the related legislation.

[32] Circular No.11 July 2011, no. 15816 of the Ministry of Labour and Social Policies - Organization and management model pursuant to art. 30 DLgs. no. 81/08.

4. The Supervisory Body of ARPER

4.1. Requirements and composition

4.1.1 Requirements

The effectiveness in providing exemption from liability of an Organization and Management Model for the prevention of predicate offences pursuant to Legislative Decree 231/2001, which has been adopted and effectively implemented, is also subject to the establishment of an internal body which is entrusted with the task of supervising the functioning and observance of the Model, as well as ensuring that it is updated.

Legislative Decree 231/2001 does not provide indications regarding the composition of the Supervisory Body (hereinafter also "SB"); in the absence of such indications, ARPER has decided to comply with the indications from case law, the doctrine and applicable category guidelines.

In particular, case law, the doctrine and category guidelines (in particular the Confindustria guidelines for the construction of the models pursuant to Legislative Decree 231/2001) show how the relevant criteria in assessing the effectiveness of the Model with respect to the Supervisory Body is made up of the actual and potential effectiveness of the actions of the same Body.

Based on these sources it is possible to reconstruct the main requirements for the individual components, i.e. the Supervisory Body as a whole:

a) Composition;
b) Autonomy and independence;
c) Professionalism;
d) Professional integrity;
e) Continuity and effectiveness of the action;
f) Provision of resources.

The following paragraphs discuss each of these requirements separately, highlighting the sources referred to in the discussion.

a) Composition

The Body must be internal to the entity, even if external subjects may participate (see the Court of Rome, 4 April 2003; accompanying report to the Legislative Decree).

The body can be collegial in composition; for medium-large organizations, the collegial form is required (see Court of Rome, 4 April 2003).

b) Autonomy and independence

The members of the Body must be independent (the members of the SB cannot hold operational, top management or managerial positions in a Subsidiary company (Court of Naples, magistrate section, 26.06.2007, ord.).

The Supervisory Body must be positioned “as a staff unit in a hierarchical position that is as high as possible” (Confindustria guidelines).

The work of the SB cannot be inspected by other bodies or corporate structures, without prejudice to the prerogatives of the Administrative Body (Confindustria guidelines).

The SB is authorized to access all company functions to collect the information and data necessary for the performance of its duties (Confindustria guidelines).

The SB must not be assigned any operational tasks that would jeopardize its objectivity of judgement (Confindustria guidelines).

c) Professionalism

The Supervisory Board must fulfill the requirements of professionalism (Court of Naples, magistrate section, 26.06.2007, ord.).

The connotation of professionalism must refer to the “skill set of tools and techniques” necessary to effectively carry out the activity of the SB (Confindustria guidelines).

d) Professional integrity

The entity must provide grounds for the ineligibility or revocation of the members of the SB who prevent a person convicted of predicate offences pursuant to Legislative Decree 231/2001 from remaining in office until the sentence has been passed (Court of Naples, magistrate section, 26.06.2007, ord.).

e) Continuity and effectiveness of the action

The Model must be "implemented", which implies that the SB must be "active" (Court of Milan, 24 October 2004, Siemens AG – Court of Bari 18 April 2005).

The SB must be duly aware of the entity's social activities and risks; the reports of the SB cannot be excessively generic; the regulations of the SB must provide for schedules and procedures for the implementation of inspection activities; the prevention protocols in the Model must be concrete and detailed; the contents and methods of delivery of the 231 training courses must be verified by the SB (order of magistrate, Court of Naples 26 June 2007).

The continuity of action, which guarantees the effective and constant implementation of the 231 models, which are particularly articulated and complex in large and medium-sized companies, is favored by the presence of a dedicated and full-time structure dedicated to model supervision and “lacking operational tasks that can lead it to take decisions with economic-financial implications” (Confindustria guidelines).

f) Provision of resources

The Supervisory Body has an adequate amount of financial resources (Confindustria guidelines).

4.1.2 Composition

In compliance with the provisions of the law, taking into account the indications of case law, Confindustria's doctrine and guidelines, and considering the organization of the company, ARPER’s own Supervisory Body has been identified as collegial in composition.

4.2. Appointment, term of office, revocation and replacement

4.2.1 Appointment and term of office

ARPER’s Supervisory Body is established by resolution of the Board of Directors; the Supervisory Body remains in office for three years and its members may be re-elected.

The Supervisory Body shall lapse at the end of the three-year period, although it will continue to perform its functions ad interim until new members of the Supervisory Body are appointed.

Upon appointment of the Supervisory Body, the Board of Directors acknowledges that it has verified:

- the individual members and the Supervisory Body as a whole meet the requirements set out in paragraph 4.1.1;
- the absence of causes of ineligibility as per paragraph 4.2.2;
- the absence of causes of incompatibility provided for by the law.

4.2.2 Causes of ineligibility and forfeiture

The appointment as a member of the Supervisory Body is conditional on the absence of the following subjective causes of ineligibility:

- being in a relationship of kinship, a spouse, or an affinity within the fourth degree with members of the Board of Directors with executive powers, senior management in general, auditors of the Company and auditors appointed by the auditing company;
- presenting conflicts of interest, even potential ones, with the Company such as to jeopardize the independence required by the role and duties of the Supervisory Body, as well as coincidences of interest with the Company that are over and above the ordinary interests based on any dependent relationship or intellectual service provision;
- directly or indirectly owning shareholdings of an entity such as to permit the exercise of control or a significant influence over the Company;
- having held the position of director - in the three years prior to the appointment as member of the Supervisory Body - of companies subject to bankruptcy, compulsory administrative liquidation or equivalent procedures while in office;
- having engaged in public sector relationships with central or local administrations that exercise direct powers in the matter of concessions, control and / or supervision in the three years preceding the appointment as member of the Supervisory Body;
- been convicted, even with no final judgment, or to have adhered to the application of the sanction on request (so-called "plea bargaining") in Italy or abroad, for offences related to the administrative liability of entities or offences that can be assimilated to them;
- been subjected to the imposition of pecuniary administrative sanctions for administrative offences pursuant to Legislative Decree 231/2001;
- been convicted (even with no final judgment) or to have adhered to the application of the sanction on request (so-called "plea bargaining"), for offences that entail the disqualification, even temporarily, from public office, or temporary disqualification from the managerial offices of legal entities and companies.

The absence of causes for ineligibility must be certified by the person appointed to hold the office of member of the Supervisory Body at the moment of the assignment; in the absence of such an attestation the subject cannot assume the office even temporarily.

If any of the above-mentioned reasons for ineligibility occur at any time to an appointed person, the latter must inform the other members of the Supervisory Body and will automatically cease to be appointed.

The reasons for ineligibility must also be applied to any external consultants who are entrusted with tasks for the performance of activities relating to the duties of the Supervisory Body. In particular, at the time of assignment, the external professional must issue a special declaration stating:

- the absence of the above-mentioned causes of ineligibility, as reasons for impeding the appointment (for example conflicts of interest, family relationships with members of the Board of Directors, senior management in general, auditors of the Company and auditors appointed by the Auditing company, etc.);
- the fact that they have been adequately informed of the dispositions and the codes of conduct and ethics to which the Company adheres in the exercise of all its activities, including, above all, those envisaged by the Model and the Company's Code of Ethics, which he accepts by fulfilling the assignment.

4.2.3 Revocation and replacement

In order to guarantee the necessary stability to the members of the Supervisory Body and to safeguard its own role with regard to independent verification capacity, the revocation of membership from one or more members of the Supervisory Body and the attribution of their powers to one or other parties may only take place for just cause, even linked to the Company's organizational restructuring, by means of a specific resolution of the Board of Directors, subject to the opinion of the Board of Statutory Auditors.

In this regard, "just cause" for the revocation of the powers associated with the appointed member of the Supervisory Board should be understood, purely by way of example, as:

- serious negligence in carrying out the tasks connected with the appointment, such as (by way of example): omitting to draft the six-monthly summary report on the activities performed by the Board of Directors and the Board of Statutory Auditors referred to in paragraph 4.3 below; omitting to draft the supervisory program;

- the “omitted or insufficient supervision” by the Supervisory Body - in accordance with the provisions of art. 6, paragraph 1, lett. d), Legislative Decree 231/2001 - resulting from a conviction, even with no final judgment, issued against the Company pursuant to Legislative Decree 231/2001 or due to acceptation of sanctions on request (so-called plea bargaining);
- a conviction that has become final, or otherwise a conviction resulting from "plea bargaining" that imposes the interdiction, even temporary, from public offices, or the temporary interdiction from the management offices of legal entities and companies;
- the assignment of operational functions and responsibilities within the company organization that are incompatible with the requirements of "autonomy and independence" and "continuity of action" of the Supervisory Body;
- failure to disclose to the Board of Directors a conflict of interest, even potential, that prohibits maintaining the position as member of the Supervisory Body;
- the violation of confidentiality obligations regarding news and information acquired in the exercise of the functions of the Supervisory Body.

In particularly serious cases, the Board of Directors may in any case, after consulting with the Board of Statutory Auditors, have the powers to suspend the Supervisory Body and appoint an interim entity.

Each member can withdraw at any time from the position with a minimum of 30 days written notice, to be communicated to the Board members by registered letter with return receipt.

With the loss of one or more members of the Body, through revocation or withdrawal, the evaluation of the appointment of new members to be carried out during the first meeting of the Board itself is referred back to the Board of Directors - and in any case within 90 days from the date of withdrawal of the member(s) – or at the confirmation of the remaining composition of the Body.

4.3. Functions, powers, responsibilities

The activities carried out by the Supervisory Body cannot be inspected by any other body or Company structure, without prejudice to the prerogatives and powers of law of the corporate bodies.

The Supervisory Body is vested with the powers of initiative and control necessary to ensure the effective and efficient supervision of the functioning and compliance with the Model in accordance with the provisions of art. 6 of Legislative Decree 231/2001.

In particular, the Supervisory Body is entrusted with the tasks and powers described below that are carried out also through internal support and secretarial functions, regarding the performance and exercise of its functions, as illustrated in the following paragraph 4.3.2.

4.3.1 Functions and powers of the Supervisory Body

With reference to the supervisory activities on the functioning and compliance with the Model

- Verifying the persistence over time of the Model's efficiency and effectiveness requirements.
- Maintaining a constant relationship with the auditing company, while safeguarding its necessary independence, and with the other consultants and collaborators involved in the effective implementation of the Model.
- Detecting any misconduct that may arise from the analysis of information flows and from the reports for which the heads of the various functions are responsible.
- Promptly reporting to the governing body for the appropriate measures, of any ascertained violations of the Model that may render the Company liable.
- Maintaining relations and ensuring the information flows pertaining to the Board of Directors and the Board of Statutory Auditors.
- Promoting and defining initiatives for the dissemination of knowledge and understanding of the Model, as well as for the training of personnel and the awareness of the same in compliance with the contents of the Model.
- Promoting and developing communication and training interventions on the contents of Legislative Decree 231/2001, on the impact of regulations on the company's activity and on conduct rules required for compliance.
- Providing clarification on the meaning and application of the provisions contained in the Model.
- Collaborating with the Company's Top Management in the preparation of an effective internal communication system to permit the acquisition and / or transmission of relevant news for the

purposes of Legislative Decree 231/2001 guaranteeing the protection and confidentiality of the person reporting.

With reference to the activities for updating the Model

- In collaboration with Top Management, promoting the constant updating of the Model, monitoring its correct execution and providing, where necessary, the corporate body with the proposals for any updates and adjustments to be carried out through modifications and / or additions that may become necessary as a result of significant violations of the provisions of the Model, significant changes in the internal structure of the Company and / or the manner of carrying out company activities, regulatory changes or other situations that make it advisable to update the Model.
- Promoting and verifying the periodic updating of the identification system, mapping and classification of sensitive activities.
- Verifying and assessing the suitability of the Disciplinary System pursuant to and for the purposes of Legislative Decree 231/2001.

With reference to its operation

- Regulating its own functioning also through the introduction of an audit of its activities which, among other things, monitors the methods for using the resources available, the convocation, votes and resolutions of the Supervisory Body itself.
- Formulating and submitting for approval from the governing body the expenditure forecast necessary for the correct performance of the assigned tasks; this expenditure forecast must always be updated to ensure the effectiveness of its activities.
- Maintains autonomous spending powers in the framework of the expenditure forecasts approved by the governing body; may request the management body to authorize additional expenses not already included in the expenditure forecasts already authorized.

With reference to its own powers

- Is granted free access, or may summon, any management, function, exponent or employee unit of the Company - without the need for any prior consent - to request and acquire information, documentation and data deemed necessary for the performance of the duties provided for by Legislative Decree 231/2001.
- May request relevant information from collaborators, consultants, agents and representatives external to the Company.
- Supports Top Management in proposing the activation of any disciplinary procedures for the application of the sanctions referred to in Chapter 5 of this Model.

With reference to the activities in support of the authorities in case of inspections or verifications

- In the case of controls, investigations or requests for information from competent authorities aimed at verifying the compliance of the Model with the provisions of Legislative Decree 231/2001, the Supervisory Body supports the Company's legal advisors in liaising with the persons in charge of the inspection activity, providing them with adequate information support.

4.3.2 Use of company functions and departments and / or external consultants

In carrying out the tasks assigned to it, the Supervisory Body will be able to avail itself, under its direct supervision and responsibility, of the collaboration of all the functions and structures of the Company, or external consultants, making use of their respective skills and professionalism.

This faculty helps to guarantee that the Supervisory Body operates with the necessary effectiveness and continuity of action, also by acquiring, whenever required, any specific internal and external expertise.

In particular, it will be possible to assign to a specific company function the role of support for the activities of the Supervisory Body, both regarding secretarial support, as well as preliminary investigation activities of the Body itself.

In the eventuality that the company outsources activities and processes, the agreements that regulate the contents and the methods of delivery of these services by their respective suppliers provide for procedures by means of which the Supervisory Body, also in collaboration with any functions control of the supplier, can

exercise its own supervisory activities on the outsourced processes and activities, or use the functions that provide the outsourced services in the performance of their duties.

By way of example only, the Supervisory Body may make use of:

- Legal advisors, for example for the interpretation of the legislation and the examination of any updates, as well as judgments on the matter;
- the Group Human Resources Department, for example regarding the implementation of the personnel communication and training plan, the implementation of the Disciplinary System and the management of disciplinary proceedings;
- the Administration, Finance and Control Department, for example for verifications concerning the keeping of sound accounting records and / or the accuracy of deeds and management processes.

4.3.3 Communication of the functions and powers of the Supervisory Body

The Board of Directors of the Company is responsible, also through the Managing Director, for the appropriate communication to the corporate structures of the duties of the Supervisory Body and its powers.

4.3.4 Liability and protection of the Supervisory Body

ARPER's Supervisory Body has the task of supervising the functioning and observance of the Organization, Management and Control Model of the Company, and of ensuring that it is updated, without prejudice to the prerogatives, tasks and responsibilities of the Board of Directors and the delegated bodies. ARPER's Supervisory Body is not responsible for preventing the commission of crimes nor does it have any guarantee functions in relation to any of the legal assets protected by Legislative Decree 231/2001.

ARPER stipulates for the benefit of the members of the Supervisory Body suitable insurance coverage against the risk of third party liability, as a result of gross negligence even in the performance of its contractual duties, including coverage of legal assistance expenses (judicial and extrajudicial) as well as related expenses in the case of civil, criminal or administrative proceedings (including "criminal justice expenses"), for reasons not dependent on malice, and relating to facts directly related to the performance of the functions exercised, also within the framework of an employee relationship.

4.4. Obligations to inform the Supervisory Board

4.4.1 Introduction

The Supervisory Body must be promptly informed, by means of a specific internal communication system, of any actions, conduct or events that may cause a violation of the Model or which, more generally, are relevant for the purposes of Legislative Decree 231/2001.

The obligations to provide information about any conduct contrary to the provisions contained in the Model fall within the broader duties of diligence and loyalty of the employee referred to in articles 2104 and 2105 of the Italian civil code.

The correct fulfilment of the obligation to provide information by the employee shall not give rise to the application of disciplinary sanctions.

As regards agents, business partners, consultants, external collaborators, etc., an obligation of immediate disclosure is contractually stipulated in the event that they receive, directly or indirectly, from an employee or representative of the Company a request for conduct in contrast with the Group Code of Ethics.

4.4.2 Obligations and methods of informing the Supervisory Body

Employees, business partners, consultants, collaborators for any reason, and in general all stakeholders, as regards their relationship with ARPER and the activity carried out regarding ARPER, are required to report any violation or alleged violation of the Model to the Supervisory Body.

With regard to Company employees, that is, top management and subordinates (as defined in Article 5, paragraph 1 of Decree 231), these may present, to protect the integrity of the entity, detailed reports of illicit conduct, relevant under this decree and based on precise and concordant factual elements, or violations of the organization and management model of the entity, which have come to their knowledge during the performance of their functions.

The channels for the management of reports may be more than one and guarantee the confidentiality of the identity of the reporting person during management activities of said reports; it is envisaged that one of the alternative reporting channels is able to guarantee, by computerized means, the confidentiality of the identity of the reporting person.

With regard to the procedures for managing the reports of the subjects referred to in art. 5, paragraph 1 of Decree 231, and in the light of recent legislation which entered into force on 29 December 2017, ARPER reserves the right to define a specific Procedure which will establish roles and responsibilities in relation to the receipt and management of reports and relative checks on the company's compliance with confidentiality obligations, the prohibition of retaliation against the reporting person, the possibility of reporting to the Labour Inspectorate referred to in paragraph 2-*ter* and compliance with the cases of nullity provided for in paragraph 2-*quater*.

With regard to the procedures for reporting violations, ARPER has made available to employees and third parties, on its corporate website, specific guidelines explaining how to submit a report, including the possibility of using the dedicated electronic reporting tool, **"Mywhistleblowing."**

Any verbal reports made to members of the **Reporting Management Body of Arper S.p.A.** will be referred to the Body for collective assessment.

Internal Reporting Channels

Oral Reports

Reports may be submitted through telephone lines and/or messaging systems, or through face-to-face meetings arranged at the request of the reporting person.

Reports by Letter

Reports submitted by letter must be sent to the following address:

ARPER S.p.A.
Gestore delle Segnalazioni di Arper S.p.A.
Via Lombardia, 16
31050 Monastier di Treviso (TV)
Italy

The envelope must be marked **"Confidential."**

Reports via Web Form

Reports may be submitted, following registration with the system made available through the Company's website, using the **"Mywhistleblowing"** tool.

Every piece of information, disclosure, report, or statement provided in the Model is kept by the Reporting Management Body in a special archive (digital or paper).

The Reporting Management Body evaluates at its discretion and under its own responsibility the reports received and the cases where it is necessary to instigate investigations or verifications.

In the event that the reporting of possible violations of the Model refers to members of the Board of Directors and / or the Board of Statutory Auditors, the same will be transmitted to the Chairman of the Board of Directors or, if concerning the Chairman of the Board of Directors, to the Chairman of the Board of Statutory Auditors.

In any case, the secrecy of the identity of the reporting person is guaranteed, without prejudice to the legal obligations and the protection of the rights of the Company or of the persons wrongly accused and / or accused in bad faith. The bona fide reporting persons in any case shall be free from any form of retaliation, discrimination or penalization.

Any anonymous reports will be taken into consideration provided they are not manifestly in bad faith, unfounded or captious and that they represent circumstances that expose the Company to serious risks, therefore it is reiterated that reports need to be detailed and founded on precise and concordant facts;

Should the Reporting Management Body receive significant flows of anonymous reports that are manifestly unfounded or in bad faith, or if an anonymous report after being considered by the Reporting Management Body is found to be unfounded and potentially in bad faith, the Supervisory Body shall evaluate the advisability of informing the relevant Management Departments or discussing jointly with the administrative body the advisability of informing the Judicial Authority.

4.4.3 Periodic information to the Supervisory Body

In accordance with the provisions of art. 6, paragraph 2, lett. d) of the Decree, in addition to the reports relating to violations of a general nature described above, any information useful for the performance of the control activity and the verification of compliance with the Model, as well as its functioning and correct implementation, must be transmitted to the Supervisory Body, by the corporate bodies and Corporate Governance (Board of Directors, Board of Statutory Auditors, the Employer).

This information is related to:

- the periodic results of any control activities carried out by them to implement the Model (summary reports of the activities performed, monitoring activities, final indicators, etc.);
- any anomalies or atypical results found in the information available that may suggest the presence of risks regarding the commission of offences by company representatives or personnel.

They may concern, but are not limited to:

- transactions perceived as "at risk" (for example: decisions relating to the request, provision and use of public funds, anomaly indices for the crime of money laundering and / or self-laundering summary statements for public tenders obtained following bids at a national and international level, commissions awarded by public bodies, etc., in which critical issues that are not part of the normal conduct of business are identified);
- measures and / or information from judicial police, or any other authority, from which it is possible to carry out investigations, including against unknown persons, for crimes (and administrative offences) relevant to the administrative responsibility of the entities and which may involve the Company;
- requests for legal assistance forwarded by employees in the case of the initiation of legal proceedings against them and in relation to offences regarding administrative liability of entities, unless expressly prohibited by the judicial authority;
- requests, reports and communications relating to inspections by Public Authorities, Independent Administrative Authorities;
- reports prepared by the heads of other company departments as part of their control activities and from which facts, actions, events or omissions may emerge with critical profiles with respect to compliance with the rules and provisions of the Model, such as periodic reports by the Head of the Prevention and Protection Service, by the Occupational Physician, by the Head of Management of Environmental Issues;
- news relating to disciplinary proceedings and any sanctions imposed (including measures taken against employees) or to measures to close these proceedings with the corresponding reasons;
- any other information which, although not included in the above list, is relevant for the purposes of the proper and complete supervision and updating of the Model.

Furthermore, the Supervisory Board will devise a table of information flows, broken down by topics and by company Management Departments / Entities.

4.5. Reporting of the Supervisory Body to the corporate bodies

The Supervisory Body reports on the implementation of the Model, on any critical aspects that may emerge and the need for changes to be carried out.

In particular, the Supervisory Body:

a) upon request, reports quarterly to the Directors with executive powers and to the Board of Statutory Auditors on the state of implementation of the Model and on the significant events that occurred during the period;

b) prepares every six months a summary report of the activities carried out in the period, and at the beginning of each year presents the “Annual Supervisory Plan”, to be forwarded to the Board of Directors and to the Board of Statutory Auditors for their information;

c) immediately reports to the Executive Committee or to the appropriate corporate bodies in case of extraordinary events (for example: significant violations of the contents of the Model, legislative innovations regarding the administrative liability of entities, the need to make changes to the Model due to significant changes in the organizational structure of the Company, etc.), as well as in the case of received reports of an urgent nature; where appropriate, the Supervisory Board informs the Board of Directors.

All meetings with the corporate bodies to which the Supervisory Body reports must be documented. The Supervisory Body is in charge of filing the related documents in the archive.

4.6. Filing and storing of documentation

It is responsibility of the Supervisory Body to set up standardized procedures for:

- managing and filing of its correspondence;
- managing and filing of the minutes that document their work;
- managing and filing of the successive versions of the documents that make up or describe the Organization, Management and Control Model, so as to ensure that the versions in force at a defined date can be traced back at any time;
- managing and filing of the documents produced by it (reports, analyses, assessments, intervention plans, progress reports, etc.), together with the appropriate and relevant documents that support or detail their content and particularly the conclusions.

Standardized procedures for the filing and storing of documents by the Supervisory Body must be set up and applied for all supporting documentation, regardless of whether in paper or electronic format, as appropriate.

5. Disciplinary System

Pursuant to art. 6, par. 2, lett. e), par. 2-*bis*, letter d), par. 2-*ter*, par. 2-*quater*, and of the art. 7, par. 4, lett. b) of Legislative Decree 231/2001, the Organization, Management and Control Model – whose adoption and implementation (together with the other situations provided for by the aforementioned articles 6 and 7) is an essential condition for the Company to benefit from exemption from administrative liability in case of commission of the offences referred to in the Decree – can be considered effectively implemented only if it provides for a Disciplinary System suitable to sanction failure to comply with the measures indicated therein.

The application of disciplinary sanctions disregards the beginning or the outcome of any criminal proceedings, as the Model and the Group's Code of Ethics constitute binding rules for the Recipients. In order to comply with the dictates of the aforementioned Legislative Decree, violation of the aforesaid rules must be sanctioned independently from the actual commission of an offence or from the punishment thereof.

The rules of conduct imposed by the Model are established by the Company in full autonomy in order to better comply with the regulatory precept for which the Company is responsible.

Moreover, the principles of promptness and immediacy make it not only unfair but also unadvisable to delay imposition of disciplinary sanctions pending the outcome of the Judicial Authority's decision.

5.1. Definition and limits of disciplinary responsibility

This section of the Model identifies and describes the relevant disciplinary offences pursuant to Legislative Decree 231/2001 and subsequent amendments, the disciplinary sanctions applicable and the procedure for the relative notification.

The Company is aware of the need to comply with the law and the applicable provisions on the matter, and ensures that the sanctions which can be imposed pursuant to this Disciplinary System comply with the provisions of the national collective labor agreements applicable to the sector, in this case by the CCNL "Leather industrial companies" and by the CCNL for "Managers of companies producing goods and services"; it also ensures that the procedure for notifying the offense and for the imposition of the related sanction is in line with the provisions of art. 7 of the Law of 30 May 1970, no. 300 ("Workers' Statute").

For Recipients who are not employees but are bound by different sorts of contracts (directors and in general external subjects) the applicable measures and the disciplinary sanction procedures must be in compliance with the law and the contractual conditions.

5.2. Recipients of disciplinary system and their duties

The recipients of this disciplinary system are the recipients of the Model itself.

Recipients must adopt a conduct that complies with the principles set out in the Group's Code of Ethics and to all the principles and measures for the organization and management of corporate activities defined in the Model.

Any violation of the aforementioned principles, measures and procedures (hereinafter referred to as "disciplinary offences") if ascertained, represents:

- In the case of employees and managers, a breach of contract in relation to the obligations deriving from the employment relationship pursuant to art. 2104 of the Italian Civil Code and of the art. 2105 of the Italian Civil code.
- In the case of directors, the non-observance of the duties imposed on them by the law and by the articles of association pursuant to art. 2392 of the Italian Civil Code.;
- In the case of statutory auditors, the non-observance of the duties imposed on them by the law and by the articles of association pursuant to art. 2403 of the Italian Civil Code;
- In the case of external parties, a breach of contract which legitimates the Company to terminate the contract, without prejudice to compensation for damages.
- In the event that the external party holds the role of member of the Supervisory Body, sufficient grounds for the revocation of the membership.

The procedure for the imposition of sanctions as indicated below therefore takes into account the legal status of the subject concerned by the disciplinary action.

In any case, the Supervisory Body must be involved in the procedure for the imposition of disciplinary sanctions.

The Supervisory Body verifies that specific procedures are adopted in order that the aforementioned subjects are fully aware of the disciplinary system in place from the beginning of their relationship with the Company.

This disciplinary system is complementary, and not alternative, to the disciplinary system established by the current CCNL and applicable to the various categories of workers employed by the Organization.

5.3. General principles governing sanctions

The sanctions imposed for disciplinary offences must respect the principles of graduation [33] and proportionality, with regard to the seriousness of the violations committed.

If, however, the infringement by its nature, the manner and circumstances in which it was committed is particularly serious or is detrimental to the company discipline, the company may adopt disciplinary measures without taking into account the principle of graduation.

The type as well as the extent of the sanction imposed as a result of the disciplinary offences, including relevant offenses pursuant to Legislative Decree 231/2001, must be determined on the basis of the following evaluations:

- The intentionality of the conduct that originated the violation;
- The degree of negligence, carelessness and inexperience in the perpetrators' conduct involving the violation, especially with reference to the possibility of anticipating the event;
- The relevance and the possible consequences of the violation or offence;
- The Recipient's position within the company organization, especially considering the responsibilities connected to his duties;
- Any aggravating and / or mitigating factors that can be adduced in relation to the Recipient's conduct: by way of example, among the aggravating circumstances are included previous disciplinary sanctions against the same Recipient in the two years preceding the violation or offence;
- The concurrence of several Recipients who were complicit in the commission of the violation or offence.

An assessment of the scope and the imposition of the sanction should be carried out in cases in which the measures for the protection of the reporting party are violated, as well as of those whose statements are issued with malice or gross negligence and prove to be unfounded;[34] without prejudice to the prohibition of retaliation against the reporting party, the possibility of reporting to the labor inspectorate for the cases referred to in paragraph 2-*ter*, article 6 of Legislative Decree 231/01 and compliance with the null and void cases provided for in paragraph 2-*quater*, article 6 of Legislative Decree 231/01.

The sanctions and the procedures related to the infraction differ according to the different categories of Recipients.

Furthermore, the system of sanctions is also based on the principle of:

- Publicity: the Company will ensure maximum and adequate dissemination of the disciplinary system, first of all, through publication in a place accessible to all workers (article 7, paragraph 1, Workers' Statute), as well as through delivery, by hand and by e-mail, to individual workers and availability on the company Intranet.
- Right to defense: the adversarial guarantee is satisfied, as well as with the prior publicity of the Organization Model, with the prior written notification of the offence in a specific, immediate and immutable form (Article 7, paragraph 2, the Workers' Statute).
- Timeliness: the disciplinary procedure and the possible imposition of the sanction must take place within a specific and reasonable time frame from the beginning of the procedure itself (Article 7, paragraph 8, the workers' statute).
- Verification of the facts: the violation of a rule of conduct, a prohibition or a procedure provided for by the Model will be verified, case by case, by the Supervisory Body (Article 6, paragraph 2, letter e), Legislative Decree 231/2001).

[33] Disciplinary sanctions will be applied according to the gravity of the offence, taking into consideration objective or subjective circumstances, aggravating or not, that have characterized the offence charged, as well as the degree of damage to the company's assets.

[34] See letters a), b), and c), paragraph 2-bis, article 6 of Legislative Decree 231/2001

- Effectiveness and sanctionability of the attempted violation: even the mere conduct that seriously jeopardizes the rules, prohibitions and procedures set forth in the Model or even only preliminary actions aimed at their violation, will be considered punishable (article 6, paragraph 2 letter e, Legislative Decree 231/2001).

5.4. Sanctions for employees

Non-compliance of the rules of conduct set forth in this Model by employees is defined as disciplinary offences.

In compliance with the provisions of article 7 of the Workers' Statute (Law 300/1970) the sanctions applicable to employees fall within those provided for by the Disciplinary System, that is to say, the system of sanctions provided for by the national collective bargaining agreement (CCNL), trade union agreements where applicable, and by any special regulations applicable.

The Company believes that the aforementioned sanctions set forth in the Disciplinary System are applied, in accordance with the methods indicated below and in consideration of the general principles and criteria identified in the previous point, in relation to the disciplinary offences defined above.

The national collective bargaining agreement (CCNL) identifies certain hypotheses of non-compliance that, by virtue of their generality and abstraction, and without a claim to completeness, are to be considered suitable to include the aforementioned disciplinary offences.

The disciplinary measures that may be adopted depending on the gravity of the offences ascertained are:

- an oral or written warning;
- fines;
- Suspension from work without pay (not exceeding three days);
- Dismissal in the cases provided for by the law and by the national collective bargaining agreement (CCNL) and/or if the worker adopts a conduct that is not consistent with the provisions of the Model, and which constitutes a significant non-compliance thereof, aimed unequivocally at the commission of an offence sanctioned by Legislative Decree no. 231/2001, or such as to constitute the grounds for the application to the Company of the measures laid down in Legislative Decree no. 231/2001.

It is understood that all the provisions and guarantees concerning disciplinary actions provided for by the law and by the employment contract shall be complied with; in particular, the Company shall ensure compliance with:

- The obligation – with respect to the application of any disciplinary action – to inform the employee of the offence he/she is charged with and to hear the employee’s defense;
- The obligation (in cases other than those where a verbal warning is issued) to notify the charge in writing and not to adopt a disciplinary measure before expiry of the term indicated in the written notification of the charge.

As regards the ascertainment of the aforementioned disciplinary offences, the disciplinary procedures and the imposition of sanctions, the powers of the employer remain unchanged, and are possibly conferred to appropriate subjects delegated for this purpose.

However, the Supervisory Body must be informed of any disciplinary action taken, as well as of its outcome.

When the proposed disciplinary action is undertaken by the Supervisory Body such communication becomes superfluous.

Workers will be informed of any new provision added to this section through an internal memo that shall explain the reasons and summarize the content thereof. The memo shall also be publicized using the most appropriate methods (intranet or similar tools).

If the conditions are met, the provisions of Legislative Decree 4 March 2015, no. 23 shall be applied.

5.5. Disciplinary measures against executives

The relationship between the Company and its executives is based on trust. Conduct adopted by managers is reflected not only within the Company, but also outside, for example in terms of a brand image with respect to the market and in general with respect to the various stakeholders.

Therefore, compliance by the Company's managers with the provisions of this Model and their obligation to make employees comply with the provisions thereof is an essential element of their working relationship with the company, as it inspires and sets an example for all those who report to them in the hierarchy.

In consideration of the above, in compliance with the provisions of the aforementioned art. 7 of Law 300/1970 on the subject of charges of disciplinary offences and the right to defense, any such offences committed by Company executives, by virtue of the particular relationship of trust established between them and the Company and the lack of a standard Disciplinary System, will be sanctioned with the disciplinary measures deemed most appropriate for each individual case, following the general principles identified in the previous section.

Such procedure, however, will be consistent with the provisions established by the law and by the contract, and in consideration of the fact that the aforementioned violations constitute, in any case, a breach of the obligations arising from the contractual relationship.

As regards the ascertainment of the aforementioned disciplinary offences, the disciplinary action and the imposition of sanctions, the powers of the employer remain unchanged, and are possibly conferred to appropriate subjects delegated for this purpose.

However, the Supervisory Body must be informed of any disciplinary action undertaken, as well as of its outcome.

When the proposal for the application of the sanction comes from the Supervisory Body, its involvement is presumed.

5.6. Measures against directors

While fully respecting the dignity of persons, the principles of graduation and proportionality, and the adversarial guarantee, the Company regards with extreme severity any infringements of this Model by its directors, who for their role represent the Company's standing with employees, shareholders, customers, creditors, public institutions, independent administrative authorities, judicial authorities and the general public. The values of correctness and transparency must be fully embraced, shared and respected by those who guide the company's choices, and serve as example and driving force for all those who work for the Company at any level.

Upon notice of violation of the provisions and rules of behavior of the Model by members of the Board of Directors, the Supervisory Body shall promptly inform the Board of Directors. The Delegated Bodies shall immediately take appropriate actions in order to put an end to the offences, and the Board shall immediately adopt adequate measures in accordance with the law and the Articles of Association. If necessary, they shall call the Shareholders' Meeting for the removal from office and / or the liability action pursuant to art. 2393.

Should the delegated bodies or the Board of Directors not take any action, the Supervisory Body shall promptly inform the Board of Statutory Auditors to allow the Board to perform its functions, including the power to report to the court and call the Shareholders' Meeting.

In any case, the Company retains the right to claim compensation for any damages caused by the behaviour of Directors.

5.7. Measures against the statutory auditors or the board of statutory auditors or the board of auditors

In case of violation of this Model by one or more statutory auditors[35], the Supervisory Body shall promptly inform the entire Board of Statutory Auditors and the Board of Directors, which will take the appropriate actions.

The Board of Statutory Auditors will carry out the necessary checks and may take the appropriate measures, in accordance with the law and the Articles of Association, and in agreement with the Board of Directors, such as, for example, calling the Shareholders' Meeting for the removal from office and the liability action pursuant to art. 2407 of the Italian Civil Code. In any case, the Company retains the right to claim compensation for any damages caused by the behavior of auditors.

[35] Although the statutory auditors cannot be considered - in principle - subjects in a top position, as stated in the Explanatory Report of Legislative Decree 231/2001 (Page 7), the statutory auditors' direct or indirect involvement may still be positioned in the commission of offences pursuant to Legislative Decree 231/2001 (possibly in concurrence with persons in top positions).

5.8. Measures against the Supervisory Body

In cases where the Supervisory Body, due to negligence or inexperience, has not been able to identify and, consequently, eliminate violations of the Model and, in the most serious cases, the perpetration of offences, the Board of Directors shall promptly inform the Board of Statutory Auditors.

The Board of Directors shall carry out the necessary checks and may take the appropriate measures, in accordance with the law and the articles of association, and in agreement with the Board of Statutory Auditors, which include fair dismissal, availing itself of the support from senior management in case the procedure involves employees.

In any case, the Company retains the right to claim compensation for any damages caused by the behaviour of the Supervisory Body.

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5.9. Measures against external parties

Any behaviors by External Parties (collaborators, agents and representatives, consultants and in general the subjects carrying out self-employment activities, as well as suppliers and partners, also in the form of a temporary association of companies, as well as joint ventures) contrary to the guidelines of this Model and such as to entail the risk of committing an offence pursuant to the Decree, may determine, according to the provisions of the specific contractual clauses included in the letters of appointment or contracts, the termination of the contractual relationship, or the right of the Company to withdraw thereof. This without prejudice to any request for compensation should this behavior cause damage to the Company, and purely by way of example, in the case of application, including as a precautionary measure, of the sanctions provided for by the Decree to the Company.

The Supervisory Body, in conjunction with the Managing Director or other persons delegated by the latter, verifies that specific procedures are adopted in order that the External Parties be aware of the principles and conduct guidelines set forth in the Model and in the Code of Ethics, and verify that they are informed of the consequences that may derive from any violations.

6. Training of employees and dissemination of the Model

6.1. Information and training of employees

For the purpose of implementing this Model, it is ARPER's goal to ensure dissemination of the rules of conduct contained therein both to the resources already present in the company and to new personnel, with different levels of detail depending on the level of involvement of the resources themselves in sensitive activities and processes.

The information and training system is overseen and integrated by the Supervisory Body, in its prerogative to promote knowledge and dissemination of the Model, in collaboration with the Human Resources Office manager and with the managers of the other areas / functions involved in the application of the Model.

6.1.1 Communication

The adoption of this Model is communicated to all the resources present in the company at the time of adoption, and published on the corporate intranet. All subsequent changes and information concerning the Model are communicated through the same information channels.

Newly recruited personnel, on the other hand, are given an information pack (e.g. the Group's Code of Ethics, Organization Management and Control Model, IT regulation) to ensure they are fully aware of the information considered of primary importance.

The information and training system is overseen and integrated by the Supervisory Body, in its prerogative to promote the knowledge and dissemination of the Model, in collaboration with the Global HR Director and with the managers of the other relevant areas / functions that are involved in the application of Model.

6.1.2 Training

The training activity aimed at spreading knowledge of the legislation pursuant to Legislative Decree 231/2001 is differentiated, in terms of content and methods of delivery, depending on the role of the recipients, the level of risk in the area in which they operate, and to whether or not they have representation functions of the company.

As regards the training of personnel with respect to the present Model, interventions were planned aimed at the widest dissemination of the prescriptions contained therein and the consequent awareness of all personnel for its effective implementation.

In particular, ARPER will run modular courses for employees illustrating the following topics:

- The regulatory framework;
- The principles set out in the Group's Code of Ethics and in the General Section of the Document describing the Organization, Management and Control Model;
- The control system set out in the Special Section of the Document describing the Organization, Management and Control Model.
- The role and duties of the Supervisory Body and the main aspects of the disciplinary system.

The courses also include "case study" modules aimed at further exploring the concepts presented in the previous sections of the course.

The Supervisory Body shall be responsible, in coordination with the Global HR Director and in collaboration with the managers of the areas/functions involved at different times, of defining the content of the courses, their diversification, methods of delivery, and recurrence; of verifying attendance (which is compulsory) and defining the measures to be taken towards those who fail to attend without justified cause.

6.2. Information to external parties and contractual counterparties

During the contracting phase, external collaborators and contractual counterparties (consultants, suppliers, customers, etc.) must receive adequate information on the Model; publicity thereof may be carried out using different methods, depending on the degree of access to company regulations, rather than through delivery of a printed copy of the Group's Code of Ethics and / or the Model, and possibly distinguishing the type of contractual relationship and the type of activity carried out in relation to the risk of committing the predicate offences pursuant to the Decree.

External parties that are bound by contract with the Company are also required to adhere to and comply with the Company's Code of Ethics, to avoid conduct that may result in the Company's liabilities for offences committed by employees or company representatives, and to inform the Company in the case in which they receive, directly or indirectly, from an employee or representative of the Company a request for behavior contrary to the Code of Ethics.

The Model and the Code of Ethics will also be published on the company website www.arper.com.

7. Update and modifications of the Model

The Supervisory Body is responsible for overseeing the development, promotion and constant updating of the Model. To this end, the Supervisory Body shall put forwards comments and proposals concerning the organization and control system to the relevant corporate structures, and in cases of particular importance, to the Board of Directors.

The Board of Directors has decided to delegate to the Supervisory Body the task of periodically making changes to the control protocols provided for by the special sections of the Model, when such modifications are necessary or appropriate for the purposes of improving the Model's effectiveness. Changes must not in any case be contrary to other provisions of the overall internal control system approved by the Board.

The Board also decided to delegate to the Supervisory Body the task of proceeding with the periodic updating of the sections of the Model concerning descriptive aspects[36], in order to keep these sections aligned with any changes that may occur in the company.

On the occasion of the presentation of the periodic summary report, the Supervisory Body shall submit to the Board of Directors a specific memo detailing the changes that have been made in order to subject them to ratification by the Board of Directors.

In any case, the decision to make updates and/or changes to the Model shall fall within the exclusive competence of the Board of Directors in the following cases:

- modifications made necessary by changes in legislation regarding the administrative liability of entities, and therefore changes to Legislative Decree 231/2001;
- Identification of new sections of predicate offenses and / or in the category of offense or variation of those previously identified, also possibly related to the launch of new business activities following major operations such as transformations, mergers or demergers, shares admitted to trade on a regulated market, or exchanges of shareholdings that entail significant changes to the Group's scope, possibly also in relation to the launch of new business activities;
- Formulation of observations on the category codes referred to in the Model of the Company by the Ministry of Justice pursuant to article 6 of Legislative Decree 231/2001 and of the articles 5 and ff. of the Ministerial Decree of June 26, 2003, no. 201;
- Perpetration of crimes or administrative offenses that entail the administrative liability of entities by the recipients of the Model's provisions or, more generally, significant violations of the Model;
- shortcomings and/or gaps in the Model's provisions emerged from checks on the effectiveness thereof.

Once approved, the changes to the Model shall be communicated to the Supervisory Body, which in turn and without delay shall implement them and ensure their correct communication to the recipients of the Model.

The Supervisory Body shall inform the Board of Directors of the effects of the changes made to the Model in the context of its periodic or special reports.

The Model is, in any case, subject to a three-year periodic review to be arranged by resolution of the Board of Directors.

It is the duty of the Supervisory Body to keep in its archives the successive versions of the documents describing the Model, in such a way that the applicable contents are known at all times.

[36] With the term "descriptive aspects", reference is made to: a) elements and information deriving from acts otherwise deliberated by the Board of Directors - such as the redefinition of the organization chart - or from specifically delegated company functions – e.g. new corporate procedures that entail changes to the Company's Process Model; b) results of the 231 supervisory activities that entail improvements in the planned control objectives and the related control protocols.