Organization, management and control model pursuant to Legislative Decree 231/2001

Approved by the Board of Directors on March 15th, 2019

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GENERAL SECTION

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CHAPTER 1 - DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1 Introduction

Legislative Decree no. 231 of 8 June 2001 (hereinafter referred to as "Legislative Decree no. 231/2001" or the "Decree"), in implementation of the Government delegation by art. 11 of Law no. 300[1] of 29 September 2000, established the rules governing the "liability of entities for administrative offences arising from offences".

In particular, these rules apply to entities with legal personality and to companies and associations, including those without legal personality.

The primary origin of Legislative Decree no. 231/2001 lies in many international and community conventions ratified by Italy, which require collective bodies to provide for forms of liability for certain types of crime.

According to the rules introduced by the Decree, in fact, companies can be held "liable" for certain crimes committed or attempted, in the interest or to the advantage of the companies themselves, by representatives of the company's top management (the so-called "top management" or simply "top management") and by those who are subject to the management or supervision of the latter (Article 5, paragraph 1, of Legislative Decree no. 231/2001)[2].

The administrative liability of companies is independent from the criminal liability of the natural person who committed the crime and is supported by the latter.

This broadening of liability essentially aims to involve the assets of companies and, ultimately, the economic interests of shareholders in the punishment of certain crimes, who, until the Decree in question came into force, did not suffer direct consequences from the commission of crimes committed, in the interest or to the advantage of their company, by directors and/or employees[3].

Legislative Decree no. 231/2001 innovates the Italian legal system in that companies are now subject, directly and autonomously, to fines and disqualifications in relation to crimes ascribed to persons functionally linked to the Company pursuant to art. 5 of the decree.

The administrative liability of the Company is, however, excluded if the Company has, among other things, adopted and effectively implemented, prior to the commission of the offences, models of organization, management and control pursuant to the Decree (hereinafter Model 231 or the Model), suitable for preventing the offences themselves; such models may be adopted on the basis of codes of conduct (guidelines) drawn up by associations representing the companies, including Confindustria, and communicated to the Ministry of Justice.

The administrative liability of the Company is, in any case, excluded if the top management and/or their subordinates have acted in the exclusive interest of themselves or of third parties.

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[1] Legislative Decree no. 231/2001 was published in the Official Gazette of 19 June 2001, no. 140, and Law no. 300/2000 in the Official Gazette of 25 October 2000, no. 250.

[2] Art. 5, paragraph 1, of Legislative Decree no. 231/2001: "Entity liability - The entity is liable for offences committed in its interest or to its advantage: a) by persons who hold representative, administrative or managerial positions in the entity or in one of its organisational units with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the same; b) by persons subject to the management or supervision of one of the persons referred to in point a)".

[3] Thus the introduction of the Guidelines for the construction of models of organisation, management and control pursuant to Legislative Decree no. 231/2001 of Confindustria, issued on 7 March 2002, supplemented on 3 October 2002 with an appendix relating to the so-called corporate offences (introduced in Legislative Decree no. 231/2001 with Legislative Decree no. 61/2002) and last updated to March 2014.

1.2 Nature of responsibility

With reference to the nature of administrative liability under Legislative Decree no. 231/2001, the explanatory report to the Decree highlights the "birth of a tertium genus" that combines the essential features of the criminal and administrative systems to reconcile the reasons for preventive effectiveness with those, even more inevitable, of maximum security.

Legislative Decree no. 231/2001 has, in fact, introduced into our legal system a form of "administrative" corporate liability - in compliance with the provisions of Article 27, paragraph 1, of our Constitution[4] - but with numerous points of contact with a purely "criminal" liability.

In this sense, see - among the most significant - Articles 2, 8 and 34 of Legislative Decree no. 231/2001, where the first reaffirms the principle of legality typical of criminal law; the second affirms the autonomy of the liability of the entity with respect to ascertaining the liability of the natural person who is the perpetrator of the criminal conduct; the third provides for the circumstance that this liability, depending on the commission of a crime, is ascertained in the context of criminal proceedings and is, therefore, assisted by the guarantees of criminal proceedings. Consider also the afflictive nature of the sanctions applicable to the Company.

1.3 Authors of the offence: persons in top positions and persons subject to the direction of others

As mentioned above, according to Legislative Decree no. 231/2001, the Company is liable for offences committed in its interest or to its advantage:

- by "persons who hold positions of representation, administration or management of the entity or one of its organizational units with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the entity itself" (the above defined persons "in a top position" or "top management"; art. 5, paragraph 1, letter a), of Legislative Decree no. 231/2001);
- by persons subject to the management or supervision of one of the top management (the so-called subjects subject to the management of others; art. 5, paragraph 1, letter b), of Legislative Decree no. 231/2001).

It is also appropriate to reiterate that the Company is not liable, by express legislative provision (art. 5, paragraph 2, of Legislative Decree no. 231/2001), if the persons indicated above have acted in their own exclusive interest or that of third parties[5].

[4] Art. 27, paragraph 1 of the Constitution of the Italian Republic: "Criminal liability is personal".

[5] The Explanatory Report to Legislative Decree no. 231/2001, in the part relating to Article 5, paragraph 2, of Legislative Decree no. 231/2001, states: "The second paragraph of Article 5 of the scheme borrows the closure clause from letter e) of the delegation of powers and excludes the liability of the entity when the natural persons (be they top management or subordinates) have acted in their own exclusive interest or that of third parties. The provision stigmatizes the case of "rupture" of the scheme of organic identification; that is, it refers to the cases in which the crime of the natural person is not in any way attributable to the entity because it was not carried out even in part in the interest of the latter. And it should be noted that, where it is manifestly extraneous to the moral person by this means, the judge will not even have to verify whether the moral person has taken an advantage by chance (the provision therefore operates in derogation of the first paragraph).

1.4 Type of offence

Based on Legislative Decree no. 231/2001, the entity can be held liable only for the offences expressly referred to in the Decree, if committed in its interest or to its advantage by persons qualified under art. 5, paragraph 1, of the Decree itself or in the case of specific legal provisions that refer to the Decree, as in the case of art. 10 of Law no. 146/2006.

For exhibition convenience, these cases may be included in the following categories:

- **crimes in relations with the Public Administration,** this is the first group of crimes originally identified by Legislative Decree no. 231/2001 (articles 24 and 25);
- **offences against public faith,** such as forgery of money, public credit cards and revenue stamps, provided for by art. 25-bis of the Decree, introduced by art. 6 of D. L. 350/2001, converted into law, with amendments, by art. 1 of Law no. 409 of 23 November 2001, containing "Urgent provisions in view of the introduction of the Euro", amended by Law no. 99/2009 and by Legislative Decree no. 125/2016;
- **corporate offences,** article 25-ter was introduced into Legislative Decree no. 231/2001 by Article 3 of Legislative Decree no. 61 of 11 April 2002 (as amended by Law no. 190/2012 and Law no. 69/2015), which, as part of the reform of company law, provided for the extension of the system of administrative liability of companies to certain corporate crimes;
- **crimes for the purposes of terrorism or subversion of the democratic order,** referred to in Article 25-quater Legislative Decree no. 231/2001, introduced by art. 3 of Law no. 7 of 14 January 2003. These are "offences for the purpose of terrorism or subversion of the democratic order, as provided for by the Penal Code and special laws", as well as offences, other than those indicated above, "which have in any case been committed in violation of the provisions of Article 2 of the International Convention for the Suppression of the Financing of Terrorism done in New York on 9 December 1999";
- **market abuse,** as referred to in Article 25-sexies of the Decree;
- **crimes against the individual freedom,** provided for by art. 25-quinquies, introduced into the Decree by art. 5 of Law no. 228 of 11 August 2003 and amended by Law 199/2016;
- **transnational crime article 10 of Law no. 146 of 16 March 2006** provides for the administrative liability of the entity also with reference to the offences specified by the same law that have the characteristic of trans nationality;
- **crimes against life and individual safety** article 25-quater.1 of the Decree, introduced by Law no. 7 of 9 January 2006, provides for the practice of mutilating female genital organs as one of the crimes for which the administrative responsibility of the entity can be traced;
- **manslaughter and serious or very serious culpable injuries, committed in violation of the regulations on the protection of health and safety at work**, article 25-septies provides for the administrative liability of the entity in relation to the crimes referred to in Articles 589 and 590, third paragraph, of the Criminal Code. (Manslaughter and grievous or very grievous bodily harm), committed in violation of the rules on the protection of health and safety at work;

- **offences of receiving stolen goods, money laundering and use of money, goods or benefits of illicit origin,** as well as self-laundering, article 25-octies[6] of the Decree establishes the extension of the entity's liability also with reference to the offences provided for by articles 648, 648-bis and 648-ter. and 648-ter.1 of the Criminal Code;
- **computer crimes and unlawful processing of data,** as referred to in Article 24-bis of the Decree (amended by Legislative Decree no. 7 and 8 of 2016) which provides for new types of administrative offence in relation to certain computer crimes and unlawful processing of data;
- **crimes against industry and trade,** referred to in Article 25-bis no. 1 of the Decree;
- **organized crime offences,** as referred to in Article 24-ter of the Decree;
- **offences relating to violation of copyright**, referred to in art. 25-novies of the Decree;
- **inducement not to make statements or to make false statements to the judicial authorities** (Article 377-bis of the Criminal Code), referred to in Article 25-decies of the Decree;
- **environmental crimes,** referred to in Article 25-undecies of the Decree, introduced by Legislative Decree no. 121/2011 and amended by Law no. 68/2015;
- **crime of employment of third-country nationals whose stay is irregular**, referred to in art. 25-duodecies of the Decree;
- **offences of bribery among private individuals and incitement to bribery among private individuals**, referred to in Article 25-ter, letter s bis of the Decree;
- **crimes of racism and xenophobia,** referred to in Article 25-terdecies of the Decree.

The categories listed above are destined to increase further soon, also due to the legislative tendency to extend the scope of the Decree, also in compliance with obligations of an international and community nature.

1.5 Sanctions

Articles 9-23 of Legislative Decree no. 231/2001 provide for the following penalties to be imposed on the Company as a result of the commission or attempted commission of the offences mentioned above:

- monetary sanction (and precautionary attachment);
- disqualification sanctions (also applicable as a precautionary measure) of no less than three months and no more than two years (with the specification that, pursuant to Article 14, paragraph 1, of Legislative Decree no. 231/2001, "Disqualification sanctions relate to the specific activity to which the entity's offence refers") which, in turn, may consist of:

[6] Article 63, paragraph 3, of Legislative Decree no. 231 of 21 November 2007, published in the Official Gazette no. 290 of 14 December 2007, implementing Directive 2005/60/EC of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as well as Directive no. 2006/70/EC, which contains the implementing measures, introduced the new article in Legislative Decree no. 231 of 8 June 2001, which provides for the administrative liability of the entity also in the case of offences of receiving stolen goods, money laundering and use of money, goods or benefits of illegal origin. Law no. 186/2014 amended art. 25-octies, which provides for the crimes of: receiving stolen goods (art. 648 Penal Code), money laundering (art. 648-bis penal code), use of money, goods or benefits of illegal origin (art. 648-ter penal code) and self-laundering (art. 648-ter.1 penal code)

- prohibition from exercising the activity;
- suspension or revocation of authorisations, licenses or concessions functional to the commission of the offence;
- prohibition to contract with the public administration, except to obtain the performance of a public service;
- exclusion from benefits, financing, contributions or subsidies and the possible revocation of those granted;
- prohibition to advertise goods or services;

– confiscation (and precautionary preventive seizure);

– publication of the sentence (in case of application of a disqualification sanction).

The pecuniary sanction is determined by the criminal judge through a system based on "quotas" of not less than one hundred and not more than one thousand and of variable amount per quota from a minimum of Euro 258.23 to a maximum of Euro 1549.37. In the assessment of the pecuniary sanction, the judge shall determine:

– the number of shares, considering the gravity of the fact, the degree of responsibility of the Company as well as the activity carried out to eliminate or mitigate the consequences of the fact and to prevent the commission of further offences;

– the amount of the individual share, based on the economic and financial conditions of the Company.

The disqualification sanctions are applied only in relation to the crimes for which they are expressly provided for (i.e. crimes against the public administration, certain crimes against the public faith - such as counterfeiting money - crimes relating to terrorism and subversion of the democratic order, crimes against the individual, practices of mutilation of female genital organs, transnational crimes, crimes relating to health and safety as well as crimes of receiving stolen goods, laundering and use of money, goods or benefits of illicit origin as well as self-laundering, computer crimes and illicit data processing, organised crime crimes, crimes against industry and trade, crimes relating to the violation of copyright, certain environmental crimes, transnational crimes, crimes of corruption between individuals and crimes of racism and xenophobia) and provided that at least one of the following conditions is met:

a) the Company has made a significant profit from the commission of the offence and the offence was committed by persons in a top management position or by persons subject to the direction of others when, in the latter case, the commission of the offence was determined or facilitated by serious organisational shortcomings;

b) in the event of repetition of the offences[7].

The judge determines the type and duration of the disqualification sanction considering the suitability of the individual sanctions to prevent offences of the type that have occurred and, if necessary, may apply them jointly (art. 14, paragraph 1 and paragraph 3, Legislative Decree no. 231/2001).

[7] Art. 13, paragraph 1, letters a) and b) of Legislative Decree no. 231/2001. In this regard, see also art. 20 D. Legislative Decree no. 231/2001, pursuant to which "repetition occurs when the entity, already definitively condemned at least once for an offence depending on the offence, commits another offence in the five years following the definitive conviction".

The sanctions of disqualification from exercising the activity, of prohibition of contracting with the public administration and of prohibition of advertising goods or services can be applied - in the most serious cases - definitively[8]. It should also be noted that the Company may continue its activities (instead of imposing the penalty) by a commissioner appointed by the judge in accordance with the conditions set out in Article 15 of Legislative Decree no. 231/2001[9].

1.6 Attempt

In the event of the commission, in the form of an attempt, of offences sanctioned on the basis of Legislative Decree no. 231/2001, the pecuniary sanctions (in terms of amount) and disqualification sanctions (in terms of duration) are reduced by one third to one half.

The imposition of sanctions is excluded in cases in which the entity voluntarily prevents the performance of the action or the realization of the event (art. 26 of Legislative Decree no. 231/2001).

1.7 Amendments to the entity

Legislative Decree no. 231/2001 regulates the regime of the entity's financial liability also in relation to events that modify it, such as the transformation, merger, demerger and transfer of the company.

According to art. 27, paragraph 1, of Legislative Decree no. 231/2001, the entity is liable for the obligation to pay the pecuniary sanction with its assets or with the common fund, where the notion of assets must refer to companies and entities with legal personality, while the notion of "common fund" concerns non-recognised associations[10].

Articles 28-33 of Legislative Decree no. 231/2001 regulate the impact on the entity's liability of the amending events connected with operations of transformation, merger, demerger and transfer of business. The legislator has considered two opposing needs:

- on the one hand, to prevent such operations from constituting a means of easily circumventing the administrative responsibility of the institution;

[8] See, in this regard, Art. 16 D. Legislative Decree no. 231/2001, according to which: "1. A definitive ban on the exercise of the activity may be ordered if the entity has made a significant profit from the offence and has already been sentenced, at least three times in the last seven years, to a temporary ban on the exercise of the activity. 2. The judge may apply to the entity, definitively, the sanction of the prohibition to contract with the public administration or the prohibition to advertise goods or services when it has already been sentenced to the same sanction at least three times in the last seven years. 3. If the entity or one of its organisational units is permanently used for the sole or main purpose of permitting or facilitating the commission of offences for which it is responsible, a definitive ban on the exercise of the activity shall always be imposed and the provisions of article 17 shall not apply"

[9] See art. 15 of Legislative Decree no. 231/2001: "Judicial Commissioner - If the conditions exist for the application of a disqualification sanction that determines the interruption of the entity's activity, the judge, instead of applying the sanction, orders the continuation of the entity's activity by a commissioner for a period equal to the duration of the disqualification penalty that would have been applied, when at least one of the following conditions is met: a) the entity performs a public service or a service of public necessity, the interruption of which may cause serious harm to the community; b) the interruption of the entity's activity may cause, taking into account its size and the economic conditions of the territory in which it is located, significant repercussions on employment. In the judgment ordering the continuation of the activity, the judge indicates the duties and powers of the commissioner, taking into account the specific activity in which the offence was committed by the entity. Within the scope of the duties and powers indicated by the judge, the commissioner is responsible for the adoption and effective implementation of the organisational and control models suitable for preventing offences of the type that have occurred. He may not carry out acts of extraordinary administration without the authorisation of the judge. The profit deriving from the continuation of the activity is confiscated. The continuation of the activity by the commissioner cannot be ordered when the interruption of the activity follows the definitive application of a disqualification sanction".

[10] The provision in question makes explicit the willingness of the Legislator to identify a liability of the entity independent of not only that of the perpetrator of the crime (see, in this regard, Article 8 of Legislative Decree no. 231/2001) but also with respect to individual members of the corporate structure. Article 8 "Autonomy of the liability of the entity" of Legislative Decree no. 231/2001 provides "1. the liability of the entity exists even when: a) the perpetrator of the crime has not been identified or is not attributable; b) the crime is extinguished for a reason other than amnesty. 2. Unless the law provides otherwise, no action shall be taken against the entity when an amnesty is granted for an offence in relation to which its liability is envisaged and the accused has renounced its application. 3. The entity may waive its amnesty."

- on the other hand, not to penalize reorganization measures that are not intended to be circumvented.

The Explanatory Report to Legislative Decree no. 231/2001 states "The general criterion followed in this regard was to regulate the fate of financial penalties in accordance with the principles laid down by the Italian Civil Code in relation to the generality of the other debts of the original entity, while maintaining, on the other hand, the connection of disqualification penalties with the branch of activity in which the offence was committed".

In the case of a company transformation, art. 28 of Legislative Decree no. 231/2001 provides (in line with the nature of this institution which implies a simple change in the type of company, without determining the extinction of the original legal entity) that the entity remains liable for crimes committed before the date on which the transformation took effect.

In the event of a merger, the entity resulting from the merger (also by incorporation) is liable for the offences for which the entities involved in the merger were responsible (art. 29 of Legislative Decree no. 231/2001).

Article 30 of Legislative Decree no. 231/2001 provides that, in the event of a partial demerger, the demerged Company remains liable for offences committed before the date on which the demerger took effect.

The entities benefiting from the demerger (both total and partial) are jointly and severally liable for the payment of financial penalties due by the demerged entity for offences committed before the date on which the demerger took effect, within the limit of the effective value of the net assets transferred to the individual entity.

This limit does not apply to the beneficiary companies, to which the branch of activity in which the offence was committed is devolved, even if only in part.

The disqualification sanctions relating to offences committed before the date on which the demerger took effect are applied to the entities to which the branch of activity within which the offence was committed remained or was transferred, even in part.

Article 31 of the Decree provides for provisions common to mergers and demergers, concerning the determination of penalties in the event that such extraordinary transactions occurred before the conclusion of the proceedings. In particular, the principle is clarified whereby the judge must commensurate the pecuniary sanction, according to the criteria provided for by Article 11, paragraph 2[11], of the Decree, referring in any case to the economic and financial conditions of the entity originally responsible, and not to those of the entity to which the sanction should be imputed following the merger or the spin-off.

In the event of a disqualification sanction, the entity that will be liable as a result of the merger or demerger may ask the judge to convert the disqualification sanction into a pecuniary sanction, provided that: (i) the organisational fault that made it possible to commit the offence has been eliminated, and (ii) the entity has provided for compensation for the damage and has made available (for confiscation) the part of the profit that may have been made. Art. 32 of Legislative Decree no. 231/2001 allows the judge to consider the convictions already imposed on the entities participating in the merger or the demerged entity in order to configure the repetition, in accordance with art. 20

[11] Art. 11 of Legislative Decree no. 231/2001: "Criteria for the assessment of the pecuniary sanction - 1. In the assessment of the pecuniary sanction, the judge shall determine the number of quotas taking into account the gravity of the fact, the degree of responsibility of the entity as well as the activity carried out to eliminate or mitigate the consequences of the fact and to prevent the commission of further offences. 2. The amount of the quota is fixed on the basis of the economic and patrimonial conditions of the entity in order to ensure the effectiveness of the sanction (...)".

of Legislative Decree no. 231/2001, in relation to the offences of the entity resulting from the merger or beneficiary of the demerger, relating to offences subsequently committed[12]. For the cases of transfer and transfer of business, there is a single set of rules (art. 33 of Legislative Decree no. 231/2001)[13]; the transferee, in the case of transfer of the business in whose activity the crime was committed, is jointly and severally obliged to pay the pecuniary sanction imposed on the transferor, with the following limitations:

i) without prejudice to the benefit of prior enforcement by the assignor;

ii) the liability of the transferee is limited to the value of the business transferred and the pecuniary sanctions resulting from the compulsory books of account or due to administrative offences of which he was, in any case, aware.

On the opposite case, the disqualification sanctions imposed on the transferor do not extend to the transferee.

1.8 Offences committed abroad

According to art. 4 of Legislative Decree no. 231/2001, the entity may be called to account in Italy in relation to crimes - covered by the same D. Legislative Decree no. 231/2001 - committed abroad[14]. The Explanatory Report to Legislative Decree no. 231/2001 underlines the need not to leave out of sanction a frequently verified criminal situation, also in order to avoid easy circumvention of the entire regulatory framework in question.

The conditions on which the entity's liability for crimes committed abroad is based are:

i) the offence must be committed by a person functionally linked to the entity, pursuant to Article 5, paragraph 1, of Legislative Decree no. 231/2001;

ii) the entity must have its head office in the territory of the Italian State;

iii) the entity can only be held liable in the cases and under the conditions provided for by articles 7, 8, 9, 10 of the criminal code (in cases where the law provides that the guilty party - a natural person - is punished at the request of the Minister of Justice, proceedings are taken against the

[12] Art. 32 D. In cases of liability of the merged entity or the beneficiary of the division for offences committed after the date on which the merger or division took effect, the judge may consider the repetition, in accordance with article 20, also in relation to convictions pronounced against the merging entities or the split entity for offences committed before that date. 2. To this end, the judge shall take into account the nature of the infringements and the activity in the context of which they were committed as well as the characteristics of the merger or division. 3. With respect to the entities benefiting from the demerger, the repetition can be considered, in accordance with paragraphs 1 and 2, only if they have been transferred, even in part, the branch of activity within which the offence for which the demerged entity has been convicted was committed". The Explanatory Report to Legislative Decree no. 231/2001 clarifies that "The repetition, in this case, does not operate automatically, but is subject to discretionary assessment by the judge, in relation to the concrete circumstances. With regard to the entities benefiting from the demerger, it can also be recognised only when it concerns entities to which the branch of activity in which the previous offence was committed has been transferred, even in part".

[13] Art. 33 of Legislative Decree no. 231/2001: "Transfer of company. - 1. In the case of transfer of the company in whose activity the offence was committed, the transferee is jointly and severally liable, except for the benefit of the prior enforcement of the transferor body and within the limits of the value of the company, to payment of the pecuniary sanction. 2. The obligation of the transferee is limited to the pecuniary sanctions that result from the obligatory books of account, or due for administrative offences of which he was aware in any case. 3. The provisions of this article shall also apply in the case of the transfer of a business". On this point, the Explanatory Report to Legislative Decree no. 231/2001 clarifies: "It is understood that such transactions are also susceptible to evasive manoeuvres of liability: and, however, more significant are, compared to them, the opposing requirements of protection of the trust and safety of legal traffic, having faced cases of succession for a particular reason that leave unchanged the identity (and responsibility) of the transferor or transferor".

[14] Article 4 of Legislative Decree no. 231/2001 provides for the following: "In the cases and under the conditions set out in Articles 7, 8, 9 and 10 of the Penal Code, entities having their head office in the territory of the State are also liable in relation to offences committed abroad, provided that the State of the place where the offence was committed does not take action against them. 2. In cases where the law provides that the guilty party shall be punished at the request of the Minister of Justice, proceedings shall be brought against the entity only if the request is also made against the latter.

entity only if the request is also made against the entity itself)[15] and, also in compliance with the principle of legality set out in article 2 of Legislative Decree no. 231/2001, only in respect of offences for which its liability is provided for by an ad hoc legislative provision;

iv) if the cases and conditions referred to in the aforementioned articles of the Penal Code are met, the State of the place where the offence was committed does not act against the entity.

1.9 Procedure for ascertaining the offence

Liability for administrative offences arising from a criminal offence is established in the course of criminal proceedings. In this regard, art. 36 of Legislative Decree no. 231/2001 provides "The competence to know the administrative offences of the entity belongs to the competent criminal judge for the offences on which they depend. For the procedure for ascertaining the administrative offence of the entity, the provisions on the composition of the court and the related procedural provisions relating to the offences on which the administrative offence depends are observed".

Another rule, inspired by reasons of effectiveness, homogeneity and economy of the proceedings, is that of the obligatory meeting of proceedings: the proceedings against the entity must remain united, as far as possible, with the criminal proceedings instituted against the natural person who is the perpetrator of the offence underlying the entity's liability (art. 38 of Legislative Decree no. 231/2001). This rule is balanced by the provisions of Article 38, which, in paragraph 2, regulates the cases in which the administrative offence[16] is prosecuted separately.

The entity participates in the criminal proceedings with its legal representative, unless the latter is accused of the offence on which the administrative offence depends; when the legal representative

[15] Article 7 of the Criminal Code Offences committed abroad - A citizen or a foreigner who commits any of the following offences abroad is punishable under Italian law:1) crimes against the personality of the Italian State; 2) crimes of counterfeiting the seal of the State and of the use of such counterfeit seal; 3) crimes of forgery of money having legal tender in the territory of the State, or of revenue stamps or of Italian public credit cards; 4) crimes committed by public officials in the service of the State, abusing the powers or violating the duties inherent to their functions; 5) any other crime for which special provisions of law or international conventions establish the applicability of the Italian criminal law". Art. 8 of the Criminal Code: "Political crime committed abroad - A citizen or a foreigner who commits a political crime on foreign territory that is not included among those indicated in number 1 of the preceding article shall be punished according to Italian law, at the request of the Minister of Justice. If it is a crime punishable on complaint of the injured party, it is necessary, in addition to this request, also the complaint. For the purposes of criminal law, a political crime is any crime that offends a political interest of the State, or a political right of the citizen. A common crime is also considered a political crime if it is determined, in whole or in part, by political motives. Art. 9 of the Criminal Code: "Common crime of a citizen abroad - A citizen who, apart from the cases indicated in the two previous articles, commits a crime abroad for which Italian law establishes life imprisonment, or imprisonment for a minimum of three years, shall be punished according to the law, provided that he is in the territory of the State. If it is a crime for which a penalty restricting personal freedom of a shorter duration is established, the guilty party is punished at the request of the Minister of Justice or at the request or on complaint of the injured party. In the cases provided for by the previous provisions, if the offence is committed against the European Communities, a foreign State or a foreigner, the guilty party is punished at the request of the Minister of Justice, provided that the extradition of him has not been granted, or has not been accepted by the Government of the State in which he committed the offence. Art. 10 of the Criminal Code: "Common crime of a foreigner abroad - A foreigner who, apart from the cases indicated in articles 7 and 8, commits in a foreign country, to the detriment of the State or of a citizen, a crime for which Italian law establishes life imprisonment, or imprisonment for a minimum period of at least one year, is punishable according to the same law, provided that he is in the territory of the State, and there is a request from the Minister of Justice, or an application or a complaint from the injured party. If the crime is committed to the detriment of the European Communities of a foreign State or of a foreigner, the guilty party is punished according to Italian law, at the request of the Minister of Justice, provided that: 3) his extradition has not been granted, or has not been accepted by the Government of the State in which he committed the crime, or by that of the State to which he belongs.

[16] Art. 38, paragraph 2, of Legislative Decree no. 231/2001: "The administrative offence of the entity is prosecuted separately only when: a) the suspension of the proceedings pursuant to article 71 of the code of criminal procedure has been ordered [suspension of the proceedings due to the incapacity of the accused, Editor's note) the procedure has been defined by the abbreviated judgement or by the application of the penalty pursuant to article 444 of the code of criminal procedure [application of the penalty on request, Editor's note], or the criminal conviction decree has been issued; c) observance of the procedural provisions makes it necessary. For the sake of completeness, reference is also made to art. 37 of Legislative Decree no. 231/2001, pursuant to which "the administrative offence of the entity shall not be ascertained when criminal proceedings cannot be initiated or continued against the perpetrator of the offence for lack of a condition of prosecutability" (i.e. those provided for in Title III of Book V of the Code of Criminal Procedure: lawsuit, request for proceedings, request for proceedings or authorisation to proceed, referred to, respectively, in Articles 336, 341, 342, 343 of the Code of Criminal Procedure), pursuant to which "the administrative offence of the entity shall not be ascertained when the criminal proceedings cannot be initiated or continued against the perpetrator of the offence for lack of a condition of prosecutability".

does not appear, the established entity is represented by the defender (art. 39, paragraphs 1 and 4, of Legislative Decree no. 231/2001).

1.10 Exempt value of organization, management and control models

A fundamental aspect of Legislative Decree no. 231/2001 is the attribution of an exempt value to the Company's Organization, Management and Control Model.

If the offence was committed by a person in a top position, in fact, the Company is not liable if it proves that (art. 6, paragraph 1, Legislative Decree no. 231/2001):

a) the management body has adopted and effectively implemented, before the offence was committed, organization and management models suitable for preventing offences of the type that have occurred;

b) the task of supervising the functioning of and compliance with the model and of updating them has been entrusted to a Supervisory Body (hereinafter "Supervisory Body" or "SB") of the Company with autonomous powers of initiative and control;

c) the persons have committed the offence by fraudulently circumventing the Organisation and Management Model;

d) there has been no omission or insufficient supervision by the Supervisory Board.

In the case of an offence committed by top management, there is therefore a presumption of liability on the part of the Company due to the fact that such persons express and represent the policy and, therefore, the will of the entity itself. This presumption, however, can be overcome if the Company succeeds in demonstrating that it is not involved in the facts alleged against the top management by proving the existence of the above listed requirements that are competing and, consequently, the circumstance that the commission of the offence does not derive from its own "organisational fault"[17].

In the case, on the other hand, of an offence committed by persons subject to the direction or supervision of others, the Company is liable if the commission of the offence was made possible by the violation of the management or supervision obligations to which the Company is subject[18].

In any case, the violation of the obligations of management or supervision is excluded if the Company, before the crime was committed, has adopted and effectively implemented a Model 231 suitable for preventing crimes of the type of the one that has occurred.

In the case of an offence committed by a person subject to the direction or supervision of a senior person, the burden of proof is reversed. The prosecution must, in the hypothesis provided for by the cited art. 7, prove the failure to adopt and effectively implement a Model 231 suitable for preventing the crimes of the type of the one that has occurred.

[17] The Explanatory Report to Legislative Decree no. 231/2001 expresses, in this regard, in the following terms: "For the purposes of the entity's liability, therefore, it will be necessary not only that the offence be objectively related to it (the conditions under which this occurs, as we have seen, are governed by Article 5); moreover, the offence must also constitute an expression of the company's policy or at least derive from a fault of the organisation". And again: "we start from the presumption (empirically founded) that, in the case of an offence committed by a top management, the "subjective" requirement of liability of the entity [i.e. the so-called "organisational fault" of the entity] is satisfied, since the top management expresses and represents the policy of the entity; if this does not happen, it must be the company that proves its extraneousness, and this can only be done by proving the existence of a series of requirements that are competing with each other".

[18] Art. 7, paragraph 1, of Legislative Decree no. 231/2001: "Subjects subject to the management of others and models of organisation of the entity - In the case provided for in article 5, paragraph 1, letter b), the entity is liable if the commission of the offence was made possible by failure to comply with the obligations of management or supervision".

Legislative Decree no. 231/2001 outlines the content of the 231 Model, providing that the same, in relation to the extension of delegated powers and the risk of commission of offences, as specified in Article 6, paragraph 2, must:

- identify the activities in the context of which crimes may be committed;
- provide for specific protocols aimed at planning the formation and implementation of the Company's decisions in relation to the offences to be prevented;
- identify ways of managing financial resources that are suitable for preventing the commission of offences;
- provide for obligations to inform the Supervisory Body responsible for supervising the functioning of and compliance with the models;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in Model 231.

Article 7, paragraph 4, of Legislative Decree no. 231/2001 also defines the requirements for the effective implementation of Model 231:

- the periodic verification and possible modification of the 231 Model when significant violations of the provisions are discovered or when changes in the organization and activity take place;
- a disciplinary system suitable for sanctioning non-compliance with the measures indicated in Model 231.

1.11 Codes of conduct (Guidelines)

The Decree provides that the Model of organisation, management and control may be adopted based on codes of conduct drawn up by trade associations, communicated to the Ministry of Justice pursuant to art. 6, paragraph 3, of the Decree.

The first trade association to draw up a policy document for the construction of Models 231 was Confindustria which, since March 2002, has issued Guidelines ("Guidelines for the construction of models of organization, management and control pursuant to Legislative Decree no. 231/01"), amended and updated several times; the Guidelines of Confindustria are therefore the essential starting point for the proper construction of a Model 231.

According to these Guidelines, the operational steps for the implementation of a risk management system can be outlined according to the following key points:

- inventory of the company's areas of activity, by identifying the areas potentially affected by the risk (the so-called "map of the company's areas at risk") and related system of preventive controls;
- adoption of a code of conduct related to Legislative Decree 231/2001 and a sanction system;
- definition of the general principles on the establishment of the Supervisory Body, its functions and powers.

The last version of Confindustria Guidelines was updated in March 2014 and approved by Minister of Justice on July 21st, 2014.

Unieuro S.p.A. (hereafter “Unieuro” or “the Company”) has adopted its Model 231 based on main professional associations guidelines and, in particular, based on Confindustria Guidelines.

1.12 Suitability syndicate

The Company's liability, attributed to the criminal judge, is ascertained by means of:

- verification of the existence of the crime that is a prerequisite for the Company's liability;
- the review of suitability of the 231 models adopted.

The judge's review of the abstract suitability of the 231 Model to prevent the offences referred to in Legislative Decree no. 231/2001 is conducted according to the criterion of the so-called "posthumous prognosis".

The judgment of suitability must be formulated according to a substantially ex ante criterion whereby the judge ideally places himself in the company reality at the time when the offence occurred in order to test the congruence of the 231 Model adopted. In other words, Model 231 must be considered "suitable for preventing the offences referred to in the Decree" if, before the offence was committed, it could and should be considered such as to eliminate or, at least, minimize, with reasonable certainty, the risk of the subsequent commission of the offence.

CHAPTER 2 - DESCRIPTION OF THE COMPANY REALITY - ELEMENTS OF THE GOVERNANCE MODEL AND OF THE GENERAL ORGANISATIONAL STRUCTURE OF THE COMPANY

2.1 Unieuro

Unieuro S.p.A. is the omnichannel distributor of consumer electronics and household appliances of Unieuro Group with legal seat in Forlì (FC).
After the launch of the first retail and wholesale point in 1958 by the Silvestrini family, in 1980 S.G.M. Distribuzione S.r.l. was born.
S.G.M. Distribuzione S.r.l. became part of buying group Expert Italy S.p.A. Consortile and, in 2001, the physical stores in the chain were supported by e-commerce activity through the launch of the marcopoloshop.it platform.
The international investment fund Rhône Capital II L.P. acquired the entire share capital of S.G.M. Distribuzione S.r.l., with control later going to Venice Holdings S.r.l., invested in by the Silvestrini family and management through a minority shareholding. In October 2013, the shareholders of S.G.M. Distribuzione bought from Dixons – an English group active in the consumer electronics sector – a controlling stake of the then UniEuro, a chain of 94 points of sale located throughout Italy and founded in 1967 in Alba, Piedmont. The integration of UniEuro and S.G.M. Distribuzione, led to the new Unieuro, as it is currently known. In 2014, Unieuro abandoned the consortium Expert Italy S.p.A. Consortile to focus on its own brand.
In 2016, through the merger between SGM Distribuzione S.r.l. and UniEuro S.r.l. the process of the creation of the new Unieuro was brought to an end and the company became a limited company.
On 4 April 2017 Unieuro shares – with the ticker UNIR – made their début on the STAR segment of the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. through a placement aimed at Italian and international institutional investors.

The purposes of the Company are as follows:

1. the retail and wholesale trade and import and export of domestic appliances and consumer electronic goods via physical points of sale and e-commerce […];
2. the installation and maintenance of all equipment sold, the management of workshops and service, maintenance and repair centers for all items sold and, for entities operating in the aforementioned sectors, the management of accounting and data processing centers, software design and development, the organisation of technical, commercial and administrative services, including the leasing of computers, applications, software and any necessary equipment for the performance of such services; the study, design, development, implementation and provision of advanced information technology and/or multimedia services in general to companies of any type and in any sector; the marketing of goods and services via business data processing networks and systems; the conception, design and development of communications services or information via the internet or via any other virtual, electronic, cybernetic or interactive circuit, as well as the provision of after-sales services such as additional conformity guarantees or similar services;
3. the organisation and management, directly or indirectly by entering into business leasing or franchising agreements, of the provision to the public of food and drink at points of sale for the aforementioned items; the sale of food at points of sale for the aforementioned items.

The Company may conduct commercial, industrial, financial, investment and property transactions, if relevant and appropriate but on a secondary basis although still instrumental to the corporate objects, and may acquire equity interests and holdings in other companies and firms having objects that are similar or related or otherwise connected to its own either directly or indirectly, subject to the limits laid down in Article 2361 of the Italian Civil Code, exclusively on its own account and not for the public at large, and in any case excluding the activities of financial intermediation and/or collection and/or solicitation of funds from the public and, more generally, activities that are restricted by law. The Company may also issue collateral and other guarantees, including sureties, letters of indemnity and guarantee, and endorsements.

2.2 Governance model of Unieuro

The Company is administered by a Board of Directors composed of an odd number of no less than 7 (seven) and no more than 15 (fifteen) members. The shareholders' meeting determines the number of Board members from time to time, prior to their appointment. Subject to the above limit, the shareholders' meeting may increase the number of directors, even while the Board of Directors is in office; the term of the directors thus appointed shall expire at the same time as the term of those already in office. Directors remain in office for the term set by the shareholders' resolution appointing them, not to exceed 3 (three) financial years. Directors are re-eligible for office. Their term of office expires on the date of the shareholders' meeting called to approve the financial statements for their final year in office, notwithstanding the grounds for termination and removal provided by law and by these Articles of Association. As long as the Company's shares are traded on a regulated market in Italy or in another member state of the European Union, the Board of Directors is appointed on the basis of lists submitted by shareholders. The composition of the Board of Directors is designed to ensure a gender balance as provided by applicable law and regulations.

In accordance with the law, the Board of Directors is granted the broadest powers for the ordinary and extraordinary management of the Company. The Board of Directors has the power to pass resolutions concerning: mergers in the cases envisaged by Articles 2505 and 2505-bis of the Italian Civil Code according to the terms and conditions described therein; the opening and closing of secondary offices, the designation of whom, among the directors, may represent the Company; a reduction in the share capital in the event of withdrawal of a shareholder; amendments to the Articles of Association to comply with laws and regulations; the relocation of the registered office elsewhere within the country.

The Board shall appoint one of its members as Chairman, unless the shareholders' meeting has already done so; it may also appoint one or more vice chairmen and a secretary. The Chairman cannot assume executive responsibilities on the Board of Directors and shall exercise the functions required under applicable legislation and regulations.

The Chairman and the Managing Director have the power to represent the Company.

The Board of Statutory Auditors is composed of 3 (three) statutory members and 2 (two) alternates. Members of the Board of Statutory Auditors remain in office for 3 (three) financial years. Their term of office expires on the date of the shareholders' meeting convened to approve the financial statements for their third year in office. Statutory auditors are re-eligible for office.

The statutory audit of the accounts is performed by a statutory auditor or by an independent audit firm satisfying the legal requirements. The appointment is conferred by the shareholders' meeting on a reasoned proposal from the Board of Statutory Auditors. The shareholders' meeting also determines the auditors' fee and any criteria for adjusting this.

2.3 Organisational structure of Unieuro S.p.A.

The Company is managed by a Board of Directors. The Managing Director and the Internal Audit Director report directly to the Board of Directors.

The following staff report directly to the Managing Director:
- Chief Commercial Officer
- Chief Financial Officer
- Chief Omnichannel Officer
- Chief Operating Officer.

The following staff report to the Chief Commercial Officer:
- Category.

The following Functions report to the Chief Financial Officer:
- Administration & Control
- Corporate Development
- Finance
- Investor Relations
- Legal.

The following Functions report to the Chief Omnichannel Officer:
- Business Program
- CRM
- Digital Marketing
- IT
- Marketing
- Strategic Marketing.

The following Functions report to the Chief Operating Officer:
- B2B Channel
- Direct Channel
- Indirect Channel
- Human Resources
- Service
- Supply Chain
- Security.

CHAPTER 3 - ORGANISATION, MANAGEMENT AND CONTROL MODEL AND METHODOLOGY FOLLOWED FOR ITS PREPARATION

3.1 Preliminary remarks

The adoption of a Model 231, in addition to be a reason for exempting the Company from liability with reference to the commission of the types of crimes included in the Decree, is an act of social responsibility on the part of the Company that brings benefits to all stakeholders: managers, employees, creditors and all other stakeholders.

The introduction of a system for controlling entrepreneurial action, together with the establishment and dissemination of ethical principles, improving the already high standards of conduct adopted by the Company, fulfil a regulatory function in that they regulate the conduct and decisions of those who are called upon on a daily basis to work for the Company in accordance with the aforesaid ethical principles and standards of conduct.

Therefore, the Company decided to start some activities (the "Project") to ensure that its organisation model meets the requirements under Legislative Decree no. 231/2001 and is consistent with the principles that already inspired its governance culture and with the Confindustria Guidelines.

3.2 The Project of Unieuro to establish its organisation, management and control model under Legislative Decree no. 231/2001

The method chosen to carry out the Project, in terms of organisation, establishing methods of operation, dividing the Project into stages, and assigning responsibilities to the various Company functions, was designed to ensure the quality and authority of results.

The Project consists of five stages, as summarised in the table below.

Stages	***Activities***
Stage 1	***Start the Project and identify processes and activities where the offences under Legislative Decree no. 231/2001 might be committed***. *Present the Project as a whole, collect and analyse documentation, and identify preliminarily any processes/activities where the offences under Legislative Decree no. 231/2001 might be committed ("sensitive" processes/activities).*
Stage 2	***Identify Key Officers***. *Identify Key Officers, who, based on functions and responsibilities, have extensive knowledge of sensitive areas/activities, and of current control mechanisms in place, in order to determine areas of action and a detailed interview plan.*
Stage 3	***Analyse sensitive processes and activities***. *Identify and analyse sensitive processes and activities and control mechanisms in place, especially with reference to preventive controls and other compliance elements/activities.*
Stage 4	***Gap Analysis and Action Plan***. *Identify organisational requirements for a suitable organisation, management and control model pursuant to Legislative Decree no. 231/2001, and actions to "strengthen" the current control system (processes and procedures).*

Stages	Activities
Stage 5	***Establish the organisation, management and control model.*** *Establish the organisation, management and control model under Legislative Decree no. 231/2001, including all its parts and rules of operation, and consistently with the Confindustria Guidelines.*

Below is a description of the methods and criteria adopted during the various stages of the Project.

3.2.1 Start the Project and identify processes and activities where the offences under Legislative Decree no. 231/2001 might be committed

Article 6, paragraph 2, letter a) of Legislative Decree no. 231/2001 states that the requirements for the model include the identification of processes and activities where the offences under the Decree might be committed. In other words, they are those business activities and processes that are commonly known as "sensitive" ("sensitive processes" and "sensitive activities").

The purpose of Stage 1 was to identify those areas within the Company which required action, and preliminarily identify sensitive processes and activities.

More specifically, after the Project had been presented, a Work Team was formed, including external professionals and internal resources of the Company, and was assigned operational tasks and roles.

In order to identify sensitive activities, the Company's corporate and organisational structure was analysed, mainly with the analysis of documents, to better understand the Company's business and identify those areas that required action.
Collecting important documentation and analysing this documentation from a technical-organisational and legal point of view allowed to identify sensitive processes/activities and preliminarily identify the functions responsible for those processes/activities.

At the end of Stage 1, a detailed work plan was developed for the following stages, which would be revised based on achieved results and any observations arisen during the Project.

The activities performed during Stage 1 are listed below. Stage 1 was completed with the sharing with the Work Team of identified sensitive processes/activities:

- *collect documentation on the corporate and organisational structure (such as organisation charts, main organisational procedures, granting of powers, etc.);*
- *analyse the collected documentation to understand the Company's business model;*
- *identify business areas and related functional responsibilities;*
- *preliminarily identify sensitive processes/activities pursuant to Legislative Decree no. 231/2001;*
- *preliminarily identify the departments/functions responsible for the identified sensitive processes.*

3.2.2 Identify Key Officers

The purpose of Stage 2 was to identify the resources responsible for sensitive processes/activities, those resources with extensive knowledge of sensitive processes/activities and current control

mechanisms in place ("Key Officers"), and complete and describe more in detail the preliminary list of sensitive processes/activities and of the functions and resources involved.

In particular, during a preliminary phase, these Key Officers were identified among resources at the highest level in the organisation who could supply detailed information on individual business processes and the activities of individual functions.

The activities performed during Stage 2 are listed below. At the end of Stage 2, a preliminary "map of sensitive processes/activities" was developed, to be used as reference during the analysis of Stage 3 with interviews and further details:

- *collect additional information with a more detailed document analysis, and meetings with the Project contact persons within the Company and the Work Team;*
- *identify additional resources to give a more significant contribution to the understanding/analysis of sensitive activities and related control mechanisms;*
- *develop a map to "cross" sensitive processes/activities with their respective Key Officers;*
- *develop a detailed plan of interviews to conduct during Stage 3.*

3.2.3 Analyse sensitive processes and activities

The purpose of Stage 3 was to analyse and formalise, for every sensitive process/activity identified during Stages 1 and 2: i) its main phases, ii) functions and roles/responsibilities of anyone involved inside and outside the Company, iii) existing control elements, in order to verify where, in the business areas/sectors, the offences under Legislative Decree no. 231/2001 could be committed.

During this Stage, a map was developed to include any activities that, given their specific content, might be exposed to the offences under Legislative Decree no. 231/2001.

The analysis was performed with personal interviews with the Key Officers, which were also aimed at establishing management processes and control tools for every sensitive activity, especially with reference to compliance aspects and existing preventive controls for these activities.

The analysis of the existing control system took the following control principles as reference, among others:

- *existence of formalised procedures;*
- *traceability and ex post verifiability of activities and decisions with suitable supporting documentation/information;*
- *segregation of duties;*
- *existence of formalised delegations/granting of powers consistent with assigned organisational responsibilities.*

The interviews were conducted by risk management and process analysis professionals. The findings of the interviews, which were conducted as described above, were shared with the Work Team.

The activities performed during Stage 3 are listed below. At the end of Stage 3, the "Areas at Risk Identification Matrix" was prepared, whose main content is as follows:

- *structured interviews conducted with the Key Officers, and any staff indicated by them, to collect any necessary information for the sensitive processes/activities identified during the previous Stages, in order to understand:*
  - *basic processes/activities performed;*

- *internal/external functions/resources involved;*
- *respective roles/responsibilities;*
- *existing control system;*

– *findings of the interviews shared with the Key Officers;*
– *map of sensitive processes/activities formalised in a special sheet, which collects the acquired information and any criticality found in the controls of the analysed sensitive process.*

3.2.4 Gap Analysis and Action Plan

The purpose of Stage 4 was to identify i) organisational requirements for a suitable organisation model to prevent the offences under Legislative Decree no. 231/2001, and ii) actions to improve the existing organisation model.

In order to identify and analyse in detail the existing control model to prevent the risks found and pointed out in the risk assessment described above, and assess whether the model complies with the provisions of Legislative Decree no. 231/2001, a gap analysis was performed to compare the existing organisation and control model ("as is") with an abstract reference model assessed based on the content of the provisions of Legislative Decree no. 231/2001 ("to be").

The comparison with the gap analysis identified areas to improve the existing internal control system. Based on these findings, an action plan was developed to identify organisational requirements for an organisation, management and control model that complies with Legislative Decree no. 231/2001, and actions to improve the internal control system.

3.2.5 Establish the organisation, management and control model

The purpose of Stage 5 was to establish the Company's organisation, management and control model, including all its parts, in accordance with Legislative Decree no. 231/2001 and the Confindustria Guidelines.

3.3 The Organisation, Management and Control Model of Unieuro

Therefore, establishing the Company's organisation, management and control model under Legislative Decree no. 231/2001 (the "Model") required an assessment of the existing organisation model to make it consistent with the control principles introduced by Legislative Decree no. 231/2001 and, accordingly, make it suitable to prevent the offences under the Decree.

Legislative Decree no. 231/2001 gives critical value, in addition to the occurrence of the other circumstances under Articles 6 and 7 of the Decree, to the adoption and effective implementation of organisation, management and control models, to the extent that they are suitable to prevent, with reasonable certainty, the offences or any attempt to commit the offences under the Decree.

More specifically, pursuant to paragraph 2 of Article 6 of Legislative Decree no. 231/2001, an organisation, management and control model must meet the following needs:

– identify the activities where offences might be committed;

- provide for specific control protocols to plan the making and implementation of the entity's decisions with respect to the offences to prevent;
- identify how to manage suitable financial resources to prevent offences;
- provide for reporting obligations to the body responsible for monitoring the effectiveness of and compliance with the models;
- introduce a suitable disciplinary system to punish any failure to adopt the measures prescribed in the model.

Based on this, the Company decided to prepare a Model that, in accordance with the Confindustria Guidelines, would consider its specific business context, consistently with its governance system, and could strengthen existing controls and bodies.

Pursuant to the Decree, adopting the Model is not mandatory. However, the Company decided that adopting the Model would be consistent with its policies, as it would:

- establish and/or strengthen controls to enable the Company to prevent or promptly respond to prevent offences from being committed by members of its Top Management or anyone under their management or supervision, which would lead to the Company's administrative liability;
- for these purposes, raise the awareness of anyone collaborating with the Company for any reason (external collaborators, suppliers, etc.), by asking them to engage in conduct that does not imply any offence risk, within the limits of the activities they perform in the interest of the Company;
- guarantee its integrity, fulfilling the obligations specified in Article 6 of the Decree;
- improve effectiveness and transparency in the management of the Company's activities;
- make a potential perpetrator fully aware that they are committing an offence - an offence that is strongly condemned and contrary to the Company's interest, even if it might gain an advantage.

Therefore, the Model is a consistent set of principles, procedures and provisions that: i) have an impact on the Company's internal operations and external relationships, and ii) govern the proper management of a system to control sensitive activities, which prevents the offences or any attempt to commit the offences under Legislative Decree no. 231/2001.

The Model, as approved by the Board of Directors of the Company, includes the following components:

- a process to identify the Company's activities where the offences under Legislative Decree no. 231/2001 might be committed;
- provision of control *protocols (or standards)* for identified sensitive activities;
- a process to identify how to manage suitable financial resources to prevent offences;
- Supervisory Board;
- information flows from and to the Supervisory Board, and specific reporting obligations to the Supervisory Board;
- a disciplinary system to punish any breach of the provisions of the Model;
- a training and information plan addressed to employees and anyone interacting with the Company;
- Model update and adjustment criteria;
- Group's Code of Ethics.

These components are represented in the following documents:

- Organisation, Management and Control Model pursuant to Legislative Decree 231/01 (this document);
- Code of Ethics;
- Anticorruption Policy.

The "Organisation, Management and Control Model pursuant to Legislative Decree 231/01" contains:

(i) in the General Section, a description of:
- the reference regulatory framework;
- the Company, and its governance system and organisational structure;
- the characteristics of the Company's Supervisory Board, with indication of their powers and duties, and the information flows where they are involved;
- the function of the disciplinary system and the related system of sanctions and bans;
- the training and information plan to adopt to ensure that the measures and provisions of the Model are known;
- Model update and adjustment criteria.

(ii) in the Special Section, a description of:
- the types of offence under Legislative Decree no. 231/2001 which the Company decided to consider according to the characteristics of its business;
- sensitive processes/activities and related control standards.

The document states that the Code of Ethics, approved by the Board of Directors is an integral part of the Model and an essential part of the control system.
The Code of Ethics includes the ethical principles and values that form the Company's culture and must inspire the conduct and behaviour of anyone acting in the interest of the Company, inside and outside its organisation, in order to prevent the underlying offences that lead to entities' administrative liability.
The Code of Ethics is part of the procedures of the Company to prevent illicit behaviours and it's integrated with this Model.

CHAPTER 4 - THE SUPERVISORY BODY WITHIN THE MEANING OF D. LEGISLATIVE DECREE NO. 231/2001

4.1 The Supervisory Body of Unieuro

Based on the provisions of Legislative Decree no. 231/2001 - art. 6, paragraph 1, letters a) and b) - the entity may be exempted from liability resulting from the commission of crimes by persons qualified under art. 5 of Legislative Decree no. 231/2001, if the management body has, among other things:

– adopted and effectively implemented models of organisation, management and control suitable for preventing the offences considered;

– entrusted with the task of supervising the functioning of and compliance with Model 231 and ensuring that it is updated[19] to a Supervisory Body of the entity with autonomous powers of initiative and control.

The task of continuously monitoring the widespread and effective implementation of the 231 Model, its observance by the Recipients, as well as proposing its updating in order to improve the efficiency of prevention of crimes and offences, is entrusted to this body set up by the Company.

The assignment of the above tasks to a body with autonomous powers of initiative and control, together with the correct and effective performance of the same, is therefore an essential prerequisite for the exemption from liability provided for by Legislative Decree no. 231/2001.

The Confindustria Guidelines[20] suggest that this is a body with the following requirements:

(i) autonomy and independence;

(ii) professionality;

(iii) action continuity.

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[19] The Explanatory Report to Legislative Decree no. 231/2001 states, in this regard: "The entity (...) shall also supervise the effective operation of the models, and therefore their compliance: to this end, in order to guarantee the maximum effectiveness of the system, it is provided that the societas avails itself of a structure that must be constituted within it (in order to avoid easy manoeuvres aimed at pre-establishing a license of legitimacy to the work of the societas through the recourse to compliant organisms, and above all to establish a real fault on the part of the entity), endowed with autonomous powers and specifically responsible for these tasks (...) of particular importance is the provision of a burden of information to the aforementioned internal control body, functional to guaranteeing its own operational capacity (...)".

[20] Confindustria Guidelines: "...the requirements necessary to carry out the mandate and, therefore, be identified in the body required by Legislative Decree no. 231/2001 can be summarized in:

- **Autonomy and independence:** *these qualities are obtained by placing the Body in question as a staff unit in a hierarchical position as high as possible and providing for the "reporting" to the highest operational top management or to the Board of Directors as a whole.*
- **Professionality**: *This connotation refers to the wealth of tools and techniques that the Body must possess in order to carry out the assigned activity effectively. These are specialist techniques typical of those who carry out "inspection" activities, but also consultancy in the analysis of control systems and of a legal and, more specifically, penal type. With regard to the inspection and analysis of the control system, there is a clear reference - by way of example - to statistical sampling; to risk analysis and assessment techniques; to measures for their containment (authorisation procedures; mechanisms for opposing tasks; etc.); to the flow-charting of procedures and processes for identifying weaknesses; to interviewing and processing questionnaires; to elements of psychology; to methods for detecting fraud; etc.. These are techniques that can be used ex post, to ascertain how an offence of the species in question could have occurred and who committed it (inspection approach); or as a preventive measure, to adopt - at the time of the design of the Model and subsequent amendments - the most suitable measures to prevent, with reasonable certainty, the commission of the offences themselves (advisory approach); or, again, currently to verify that daily conduct actually respects the codified ones.*
- **Action continuity**: in order to guarantee the effective and constant implementation of such an articulated and complex model as the one outlined above, especially in large and medium sized companies, it is necessary to have a structure dedicated exclusively and full-time to the supervision of the Model without, as mentioned, operational tasks that could lead it to make decisions with economic and financial effects".

The requirements of autonomy and independence would require the absence of operational tasks on the part of the Supervisory Board which, by involving it in operational decisions and activities, would jeopardise its objectivity of judgment, the provision of reports by the Supervisory Board to the top management and the provision, as part of the annual budgeting process, of financial resources allocated to the functioning of the Supervisory Board.

The requirement of professionalism must be understood as the wealth of theoretical and practical knowledge of a technical-specialist nature necessary to effectively carry out the functions of the Supervisory Body, i.e. the specialist techniques of those who carry out inspection and consultancy activities.

The requirement of continuity of action makes it necessary for the Supervisory Board to have an internal structure dedicated on an ongoing basis to the supervision of Model 231.
The Company has the power to constitute a technical secretariat to coordinate the activity of the Supervisory Board and to ensure the continued identification of a specific structure of the Company, also in case of information or reporting by Company stakeholders.

Legislative Decree no. 231/2001 does not provide information on the composition of the Supervisory Board[21].

In the absence of such indications, the Company opted for a solution that, taking into account the aims pursued by the law, could ensure, in relation to its size and organizational complexity, the effectiveness of the controls to which the Supervisory Board is responsible, in compliance with the requirements of autonomy and independence mentioned above.

Within this framework, the Company's Supervisory Body is a collegial body (composed of a minimum of three and a maximum of five members) and composed of internal or external members identified by virtue of the professional skills it has acquired and its personal characteristics, such as a marked capacity for control, independence of judgement and moral integrity.
Internal members must be independent and report directly to the Board of Directors, without operational responsibilities.

4.1.1 General principles on the establishment, appointment and replacement of the Supervisory Board

The Supervisory Board of the Company is established with resolution passed by the Board of Directors. It remains in office for the period established on appointment, and however for the term of office of the appointing Board of Directors, and can be re-elected.

The appointment as Supervisory Board member is subject to compliance with subjective eligibility requirements [22].

[21] The Confindustria Guidelines specify that the rules laid down by Legislative Decree no. 231/2001 "do not provide information on the composition of the Supervisory Body (O.D.O.). This allows for a choice of both single and multi-subjective composition. In the multi-subjective composition, internal and external members of the entity (...) may be called upon to be part of the Supervisory Body. Although in principle the composition seems indifferent to the legislator, however, the choice between one or the other solution must take into account the purposes pursued by the law and, therefore, must ensure the profile of effective controls in relation to the size and organizational complexity of the entity. Confindustria Guidelines., in the final version updated to March 2014.

[22] *"This applies when the Supervisory Board is composed of more than one member, and it gathers all the professional skills that lead to the control of business management in the traditional corporate governance model (such as a non-executive director or an independent member of the Internal Control Committee; a member of the Board of Statutory Auditors; the internal control supervisor). In these cases, compliance with the prescribed requirements is already ensured, even when there is no additional indication, by the professional and personal characteristics required by the legal system for independent directors, statutory auditors and the internal control supervisor".* Confindustria, *Guidelines, quotation*, final version updated at March 2014.

In the appointment of Supervisory Board members, the only significant criteria are those related to the specific professionalism and expertise required to perform the Supervisory Board's functions, honourability and full autonomy and independence. During appointment, the Board of Directors must acknowledge compliance with the independence, autonomy, honourability and professionalism requirements of its members[23].

In particular, following approval of the 231 Model or, in the case of new appointments, at the time of appointment, the person designated to hold the office of member of the Supervisory Body must issue a declaration in which he certifies the absence of the following reasons for ineligibility:

- relationships of kinship, spouse or affinity up to the fourth degree with members of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors;
- conflicts of interest, including potential conflicts of interest, with the Company such as to prejudice the independence required by the role and duties of the Supervisory Board;
- direct or indirect ownership of shareholdings of such a size as to enable them to exercise significant influence over the Company;
- administration functions - in the three financial years prior to appointment as a member of the Supervisory Body or to the establishment of the consultancy/collaboration relationship with the same Body - of companies subject to bankruptcy, compulsory administrative liquidation or other insolvency procedures;
- sentence of conviction, even if not final, or sentence of application of the penalty on request (the so-called plea bargaining), in Italy or abroad, for the crimes referred to in Legislative Decree no. 231/2001 or other crimes affecting professional morality and integrity;
- conviction, with sentence, even if not final, to a punishment that imports the interdiction, even temporary, from the public offices, or the temporary interdiction from the executive offices of the juridical persons and the enterprises;
- the pending of a procedure for the application of a measure of prevention referred to in Law No. 575 of 31 May 1965, or the pronouncement of the decree of seizure pursuant to Article 2 bis of Law No. 575/1965, or the decree of application of a measure of prevention, both personal and real;
- lack of the subjective requisites of honourableness provided for by Ministerial Decree 162 of 30 March 2000 for the members of the Board of Statutory Auditors of listed companies, adopted pursuant to art. 148, paragraph 4 of the Consolidated Law on Finance.

If any of the above reasons for ineligibility should arise for an appointed person, ascertained by a resolution of the Board of Directors, he will automatically be removed from office.

The Supervisory Board may benefit - under its direct supervision and responsibility - in carrying out the tasks entrusted to it, from the collaboration of all the Functions and Structures of the Company or of external consultants, making use of their respective skills and professionalism. This power allows the Supervisory Board to ensure a high level of professionalism and the necessary continuity of action.

[23] This means that, during appointment, the Board of Directors must "*acknowledge compliance with the independence, autonomy, honourability and professionalism requirements of its members*", Order by the Court of Naples, Preliminary Investigation Judge's Office, Section XXXIII, 26 June 2007.

The above mentioned reasons for ineligibility must also be considered with reference to any external consultants involved in the activity and performance of the tasks of the Supervisory Board.

In particular, at the time of the assignment, the external consultant where to issue the appropriate statement in which he certifies:

- the absence of the above mentioned reasons for ineligibility or reasons hindering the assumption of the office (for example: conflicts of interest; family relations with members of the Board of Directors, top management in general, auditors of the Company and auditors appointed by the independent auditors, etc.);
- the circumstance of having been adequately informed of the provisions and rules of conduct provided for by Model 231.

The revocation of the powers of the Supervisory Body and the attribution of such powers to another party may only take place for just cause (also linked to organizational restructuring of the Company) by means of a specific resolution of the Board of Directors and with the approval of the Board of Statutory Auditors.

In this regard, the "just cause" of revocation of the powers connected with the office of member of the Supervisory Board is understood, by way of example and not limited to:

- serious negligence in the performance of the tasks connected with the appointment, such as: failure to prepare the half-yearly report or the annual summary report on the activity carried out by the Body; failure to prepare the Audit Plan;
- the "omitted or insufficient supervision" by the Supervisory Body - in accordance with the provisions of Article 6, paragraph 1, letter d), of Legislative Decree no. 231/2001 - resulting from a conviction, even if not legally enforceable, issued against the Company pursuant to Legislative Decree no. 231/2001 or from a sentence of application of the penalty on request (the so-called plea bargaining);
- in the case of an internal member, 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 Board; in any case, any provision of an organisational nature that concerns him (e.g. termination of employment, transfer to another position, dismissal, disciplinary measures, appointment of a new manager) must be submitted to the attention of the Board of Directors;
- in the case of an external member, serious and established grounds for incompatibility which frustrate his independence and autonomy;
- the failure to meet even one of the eligibility requirements.

Any decision concerning individual members or the entire Supervisory Board relating to revocation, replacement or suspension is the exclusive responsibility of the Board of Directors, after hearing the opinion of the Board of Statutory Auditors.

A member of the Supervisory Board can renounce to the mandate. The waiver should be written and inserted in social acts, with a prior notification of 30 days, excepts for serious circumstances, not to damage the Company. The notice must be addressed by ensuring the receipt by the Board of Directors and the Board of Statutory Auditors, for example by requesting recipient confirmation.
In any case, the Board of Directors should arrange the replacement of the resigning member.

4.2 Functions and powers of the Supervisory Board

The activities carried out by the Supervisory Board may not be reviewed by any other body or function of the Company. The verification and control activity carried out by the Body is, in fact, strictly functional to the objectives of effective implementation of Model 231 and cannot substitute or replace the institutional control functions of the Company.

The Supervisory Board shall appoint one of its external members as Chairman. The Board shall appoint a person, also outside its members, as Secretary.
The Supervisory Board shall meet, upon convocation by the Chairman, according to its regulation or when requested by the Chairman or by one of its members.
The notification must be sent almost 2 (two) days before the meeting (one day in case of urgency).
The meeting is considered legitimate with the majority of the Board. Otherwise, the meeting is postponed to the first business day. The deliberations shall be taken by a majority vote.

The Supervisory Board is vested with the powers of initiative and control necessary to ensure effective and effective supervision of the functioning of and compliance with the 231 Model in accordance with the provisions of Article 6 of Legislative Decree no. 231/2001.

The Body has autonomous powers of initiative, intervention and control, which extend to all sectors and functions of the Company, powers that must be exercised in order to carry out effectively and promptly the functions provided for in Model 231 and the rules for its implementation.

In particular, the Supervisory Body is entrusted, for the performance and exercise of its functions, with the following tasks and powers[24]:

- to regulate its own functioning also through the introduction of a regulation of its own activities;
- supervise the functioning of the Model 231 both with regard to the prevention of the commission of the offences referred to in Legislative Decree no. 231/2001 and with reference to the ability to bring to light any unlawful conduct;
- carry out periodic inspection and control activities, of a continuous nature - with a time frequency and methods predetermined by the Audit Plan activities - and unannounced controls, in consideration of the various sectors of intervention or types of activities and their critical points in order to verify the efficiency and effectiveness of Model 231;
- have free access to any direction and 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 tasks provided for by Legislative Decree no. 231/2001, from all employees and managers; in the event that a reasoned refusal to access the records is opposed, the Supervisory Body draws up, if it does not agree with the opposite reason, a report to be sent to the Board of Directors;

[24] *In detail, the activities that the Body is required to perform, also on the basis of the indications contained in Articles 6 and 7 of Legislative Decree no. 231/2001, can be summarized as follows:*

- ***monitoring the effectiveness o****f the model, which consists in verifying the consistency between the concrete behaviours and the established model;*
- *examines the* ***adequacy*** *of the model, i.e. its real (and not merely formal) capacity to prevent, in principle, unwanted conduct;*
- *analysis of the* ***maintenance*** *over time of the requirements of solidity and functionality of the model;*
- *taking care of the necessary* ***dynamic updating*** *of the model, in the event that the analyses carried out make it necessary to make corrections and adjustments. This care, as a rule, is carried out in two distinct and integrated stages;*
- *presentation of proposals to* ***adapt*** *the model to the corporate bodies/departments able to give them concrete implementation in the corporate fabric. Depending on the type and scope of the interventions, the proposals will be directed to the functions of Personnel and Organization, Administration, etc., or, in certain cases of particular importance, to the Board of Directors;*
- ***follow-up****, i.e. verification of the implementation and effective functionality of the solutions proposed by Confindustria, Guidelines, cited above, p. 56, version updated to March 2014.*

- request relevant information or the production of documents, including IT documents, relevant to risk activities, from directors, control bodies, auditing firms, collaborators, consultants and, in general, from all persons required to comply with the 231 Model. The obligation of the latter to comply with the request of the Body must be included in the individual contracts.
- take care of, develop and promote the constant updating of the 231 Model, formulating, where necessary, proposals to the management body for any updates and adjustments to be made through the amendments and/or additions that may become necessary as a result of: i) significant violations of the provisions of the 231 Model; ii) significant changes to the internal structure of the Company and/or the methods of carrying out business activities; iii) regulatory changes;
- verify compliance with the procedures set out in Model 231 and detect any behavioral deviations that may emerge from the analysis of the information flows and from the reports to which the heads of the various functions are subject and proceed in accordance with the provisions of Model 231;
- ensure the periodic updating of the system for the identification of sensitive areas, mapping and classification of sensitive activities;
- handling relations and ensuring the relevant information flows to the Board of Directors, as well as to the Board of Statutory Auditors;
- promote communication and training activities on the contents of Legislative Decree no. 231/2001 and the 231 Model, on the impacts of the regulations on the company's activities and on behavioral regulations, also establishing controls on frequency. In this respect, it will be necessary to differentiate the programme, paying particular attention to those working in the various sensitive activities;
- verify the preparation of an effective internal communication system to allow the transmission of information relevant for the purposes of Legislative Decree no. 231/2001, guaranteeing the protection and confidentiality of the reporter;
- ensure knowledge of the conduct to be reported and how to report it;
- provide clarifications regarding the meaning and application of the provisions contained in the 231 Model;
- to formulate and submit for the approval of the executive body the expenditure forecast necessary for the correct performance of the assigned tasks, with absolute independence. This expenditure forecast, which must guarantee the full and correct performance of its activities, must be approved by the Board of Directors; the Supervisory Body may autonomously commit resources that exceed its spending powers, if the use of such resources is necessary to deal with exceptional and urgent situations. In these cases, the Body must inform the Board of Directors at the next meeting;
- promptly report to the management body, for the appropriate measures, any ascertained violations of the 231 Model that may give rise to liability on the part of the Company;
- verify and assess the suitability of the disciplinary system pursuant to and for the purposes of Legislative Decree no. 231/2001;
- as part of the activity of supervising the application of Model 231 by subsidiaries, the Supervisory Body of the Company is assigned the right to acquire, without any form of intermediation, relevant documentation and information and to carry out periodic controls and targeted checks on individual activities at risk.

In carrying out its activities, the Supervisory Body may avail itself of the Functions present in the Company by virtue of their relative competences.

4.3 Information obligations towards the Supervisory Board - Information flows

The Supervisory Board must be promptly informed, by means of a special communication system, of those acts, behaviors or events that may lead to a violation of the 231 Model or which, more generally, are relevant for the purposes of Legislative Decree no. 231/2001.
The obligation to provide information on any conduct contrary to the provisions contained in Model 231 falls within the broader duty of care and duty of loyalty of the employee.

The corporate functions and other Committees that operate in the context of sensitive activities must transmit to the Supervisory Board information concerning: i) the periodic results of the control activities carried out by the same in implementation of Model 231, also on request (summary reports of the activities carried out, etc.); ii) any anomalies or atypical situations found in the context of the information available.

The information may include, but is not limited to, the following

- operations that fall within the scope of sensitive activities (for example: periodic summary prospectuses on contracts obtained following tenders with public entities at national and international level, on contracts awarded following tenders at national and European level, or by private treaty, information relating to contracts awarded by public entities or entities performing public utility functions, information relating to new hires of personnel or use of financial resources for the purchase of goods or services or other investment activities, etc.);
- measures and/or information from the judicial police, or any other authority, from which it is possible to infer that investigations are being carried out, even against unknown persons, for the offences contemplated by Legislative Decree no. 231/2001 and which may involve the Company;
- requests for legal assistance made by employees in the event of initiation of legal proceedings against them and in relation to the offences referred to in Legislative Decree no. 231/2001, unless expressly prohibited by the judicial authorities;
- reports prepared by the heads of other corporate functions as part of their control activities and from which facts, acts, events or omissions with critical profiles with respect to compliance with the rules and provisions of Model 231 could emerge;
- information relating to the disciplinary proceedings carried out and any sanctions imposed (including measures taken against employees) or measures to close these proceedings with the relative reasons;
- any other information which, although not included in the above list, is relevant for the purposes of correct and complete supervision and updating of the 231 Model.

With regard to partners, consultants, external collaborators, etc., there is a contractual obligation for them to report immediately if they receive, directly or indirectly, from an employee/representative of the Company a request for conduct that could lead to a violation of Model 231.

In this respect, the following general prescriptions apply:

- information must be collected on: i) the actual or reasonably potential perpetration of the offences under Legislative Decree no. 231/2001; ii) any conduct not in line with the rules of conduct issued by the Company; iii) any conduct that, in any case, might lead to a breach of the Model;
- any employee who becomes aware of a breach, or attempted or suspected breach, of the Model can contact their direct superior or, if the reporting is not successful or the employee feels

uncomfortable about contacting their direct superior to report the breach, report it directly to the Supervisory Board;
- in their relationships with the Company and their activities performed for the Company, partners, consultants, external collaborators, suppliers, etc. may contact directly the Supervisory Board to report any situation where they are asked, either directly or indirectly, by an employee/representative of the Company to engage in conduct that might lead to a breach of the Model;
- in order to effectively collect this information, the Supervisory Board will promptly and thoroughly disclose to anyone involved how this reporting should be made;
- the Supervisory Board assesses, at its own discretion and under its responsibility, any reporting received and when action should be taken;
- adequate reasons must be provided in writing for any decision on the finding of the assessment.

The proper fulfilment of the reporting obligation by any worker cannot lead to disciplinary sanctions.

The Company adopts adequate and effective measures to always ensure the confidentiality of the identity of anyone who has provided the Supervisory Board with useful information to identify conduct not in line with the Model, the Model implementing procedures, and the procedures established by the internal control system. This will be without prejudice to legal obligations and the protection of the rights of the Company or of anyone who is wrongly accused and/or is accused in bad faith.

4.3.1 Whistleblowing

Pursuant to Article 6, paragraph 2-bis[25] of this Decree, specific reporting channels are made available to the recipients of this Model 231 in order to highlight unlawful conduct based on precise and consistent factual elements.

This illicit conduct could be referred to any violation of:
- Legislative Decree 231/2001
- This Model 231
- Code of Ethics
- Anticorruption Policy
- Internal Company procedures and policies.
-

The addressees can report using the following channels:
- an on-line platform dedicated to the reports that can be freely accessed by employees and internal collaborators; the Whistleblowing Portal is accessible through the corporate intranet;
- email address: odv@unieuro.com.

[25] In this regard, see also: para 2-ter, pursuant to which "The adoption of discriminatory measures against the subjects who make the reports referred to in para 2-bis may be reported to the National Labour Inspectorate, for the measures of its own [sic!] competence, as well as by the reporter, also by the trade union organization indicated by the same;" para 2-quater [first period], pursuant to which "The retaliatory or discriminatory dismissal of the reporter is null and void. The change of duties pursuant to Article 2103 of the Italian Civil Code, as well as any other retaliatory or discriminatory measure adopted against the whistleblower, are also null and void;"; paragraph 2-quater [second sentence], pursuant to which "It is the employer's responsibility, in the event of disputes related to the imposition of disciplinary sanctions, or sizing, dismissal, transfer, or submission of the whistleblower to another organizational measure having a negative effect, direct or indirect, on working conditions, following the submission of the report, to demonstrate that such measures are based on reasons unrelated to the report itself".

The alerts will be managed in line with the provisions of the internal organisational arrangements adopted by the Company about Whistleblowing.
The Company guarantees, independently of the channels used, the confidentiality of whistleblower's identity in accordance with Law n. 179/2017.
It is also prohibited to retaliate or discriminate, whether direct or indirect, against the signatory for reasons connected, directly or indirectly, to the reporting.

It is also highlighted that, in accordance with art. 6, paragraph 2-bis, point (d)) of Legislative Decree No. 231/01, in addition to the provisions of Chapter 5 "Disciplinary system", additional penalties shall be provided "in respect of those violating the protection measures of the signer, and of those who carry out, with intent or gross negligence, reports baseless.

4.3.2 Collecting and keeping information

Any information, reporting and written report under the Model will be kept by the Supervisory Board in special archives (paper or electronic documents) for at least 10 years.

4.4 Reporting from the Supervisory Board to corporate bodies

The Supervisory Board reports the implementation of the Model, any criticality identified, and any necessary change. The Supervisory Board reports:
- frequently to the Board of Directors through the Managing Director;
- periodically (at least every six months) to the Board of Directors in the presence of the Board of Statutory Auditor.

Minutes must be taken of any meeting with the corporate bodies and with the Board of Directors to which the Supervisory Board reports. The Supervisory Board files any relevant documentation.

The Supervisory Board shall draw up:
i) a periodic report (at least every six months) on its activities, to submit to the Board of Directors and also to the Board of statutory auditor;
ii) a periodic report (at least every year) on its activities and the activity plan for the following year to submit to the Board of Directors and the Board of Statutory Auditor;
iii) communication as soon as extraordinary circumstances arise (such as significant breaches of the principles established in the Model, new legislative provisions on entities' administrative liability, significant changes in the Company's organisational structure, etc.) and, if it receives information to report urgently, to submit to the Managing Director.

The periodic reports written by the Supervisory Board are also drawn up to enable the Board of Directors to make any necessary assessment and update the Model. These reports must cover at least:
- any issue arisen in the implementation of the procedures established by the Model or adopted to implement or comply with the Model;
- a description of any information reported by anyone inside and outside the Company on the Model and the Group Code of Ethics;
- disciplinary procedures and any sanction or ban imposed on the Company, only with reference to activities at risk;
- an overall assessment of the effectiveness of the Model, with any guidance on additions, corrections or amendments.

CHAPTER 5 - DISCIPLINARY SYSTEM

5.1 Function of the disciplinary system

Article 6, paragraph 2, letter e), and Article 7, paragraph 4, letter b), of Legislative Decree no. 231/2001 state that the effective implementation of the organisation, management and control model requires a suitable disciplinary system to punish any failure to adopt the measures prescribed in the model.
Therefore, establishing a suitable disciplinary system is an essential requirement for the model to acquire a justifying value with respect to entities' administrative liability.

The adoption of disciplinary measures in case of breach of the Model provisions is regardless of any offence being committed and of the performance and outcome of any criminal proceedings started by judicial authorities[26].

Compliance with the prescriptions of the Model adopted by the Company must be regarded as an essential part of the contractual obligations of its "Recipients", as defined below.

Any breach of rules by these Recipients will undermine their relationship of trust with the Company, and might lead to disciplinary or legal action, or criminal proceedings. In more serious circumstances, the breach might lead to termination of employment, if the breach is committed by an employee, or termination of the business relationship, if the breach is committed by a third party.
That is why every Recipient must be aware of the rules prescribed in the Company's Model, as well as reference rules regulating the activities performed as part of the Recipient's function.

This disciplinary system, which is adopted pursuant to Article 6, paragraph two, letter e) of Legislative Decree no. 231/2001, should be intended as in addition and not an alternative to the disciplinary system under the current National Collective Labour Agreement applicable to the various categories of employees within the Company.
Any disciplinary sanction imposed due to breaches of the Model is regardless of any criminal proceedings started for any of the offences under the Decree.

The disciplinary system and its application are continuously monitored by the Supervisory Board.
No disciplinary procedure may be closed, and no disciplinary sanction or ban may be imposed due to breach of the Model unless the Supervisory Board has been informed and consulted

[26] As stated in the new version of the Confindustria Guidelines, "*Failure to comply with the measures established in the organisation model must activate the disciplinary system under the model, regardless of whether criminal proceedings have been started for any offence committed. In fact, a model can be deemed to be effectively implemented only if it activates the disciplinary system to prevent any conduct that might lead to an offence. A disciplinary system established to punish any conduct that already constitutes an offence in itself would unnecessarily duplicate the sanctions and bans prescribed by the national legal system (sentence for individuals and sanction or ban under Decree 231 for entities). This means that it makes sense to establish a disciplinary system if this acts as an internal system for the company, which is in addition to and prevents "external" sanctions or bans imposed by the State. As mentioned above, the disciplinary system completes the organisation model and makes it effective, as the purpose of the model is to prevent offences, and not punish them when they have already been committed. At the same time, the decision of imposing a sanction or ban, especially if it involves dismissal or removal, without waiting for the end of criminal proceedings, requires a thorough assessment of facts. In any case, suspension may be adopted as precautionary measure if this assessment is particularly complex."* Confindustria, *Guidelines, quotation,* final version updated at March 2014.

5.2 Sanctions, bans and disciplinary measures

5.2.1 Sanctions against employees

In compliance with applicable legislation, Unieuro informs its employees of the provisions, principles and rules set out in the Model with the information, dissemination and training initiatives described above.
The breach by an employee of the provisions, principles and rules set out in the Model drawn up by Unieuro to prevent offences pursuant to Decree 231 is a disciplinary offence, which can be punished in accordance with breach reporting procedures and with the resulting sanctions under the current National Labour Collective Agreement, and in compliance with Article 7 of Law no. 300 of 20 May 1970 (Workers' Statute).
The disciplinary system related to the Model was established in full compliance with all the provisions of labour law. No measures or sanctions other than those set out and established in labour collective agreements and union agreements were introduced. The National Labour Collective Agreement provides for various sanctions proportionate to the severity of the breach.

Disciplinary offences can be punished with the following measures according to their severity:

- verbal warning;
- written warning;
- written warning;
- suspension;
- dismissal.

More specifically, the following disciplinary sanctions are provided:

1. **Verbal warning** in case of:
   – minor non-compliance with the principles and rules of conduct established in the Model, or breach of established and/or reference internal procedures and rules, or, as part of sensitive activities, conduct not in line with or not suitable for the Model prescriptions, which is associated with minor non-compliance with contractual provisions or guidance and instructions issued by Departments or superiors;
2. **Written warning** in case of:
   – non-compliance with the principles and rules of conduct established in the Model, or breach of established and/or reference internal procedures and rules, or, as part of sensitive activities, conduct not in line with or not suitable for the Model prescriptions, which is not deemed minor, but neither severe, and is associated with slight non-compliance with contractual provisions or guidance and instructions issued by Departments or superiors;
3. **Fine** in case of:
   – non-compliance with the principles and rules of conduct established in the Model, or breach of established and/or reference internal procedures and rules, or, as part of sensitive activities, conduct not in line with or not suitable for the Model prescriptions, which is deemed severe, even if results from repeated conduct, and is associated with slight non-compliance - and is associated with repeated or severe non-compliance with contractual provisions or guidance and instructions issued by Departments or superiors;
   – acts performed against the interest of the Company or which damage the Company's assets or expose them to objective danger;
4. **Suspension** in case of:
   – as part of "sensitive activities", conduct with serious non-compliance with the prescriptions and/or internal procedures and/or rules established in this Model, even if it could only

potentially constitute any of the offences under the Decree, which is associated with a breach that constitutes "serious" failure to fulfil related obligations;
- as part of "sensitive activities", conduct that does not comply with the Model prescriptions and has the clear purpose of committing any of the offences punished by the Decree;

5. **Dismissal** in case of:
   - as part of "sensitive activities", conduct willingly in contrast with the prescriptions and/or internal procedures and/or rules established in this Model, even if it could only potentially constitute any of the offences under the Decree, which undermines the relationship of trust built with the work relationship, or is so serious that it cannot allow the continuation of the work relationship, not even temporarily, and is associated with such a severe breach (due to its intentional nature, its criminal or financial consequences, or its repeated or peculiar nature) to undermine the trust built with the work relationship and only result in termination of employment.

The sanctions must be imposed taking into account the seriousness of the infringements: in consideration of the extreme importance of the principles of transparency and traceability, as well as the importance of the monitoring and control activities, the Company will apply the measures of greatest impact against those infringements which by their very nature infringe the very principles on which this Model 231 is based.

The type and extent of each of the sanctions shall be applied taking into account:
- the intentionality of the behavior or the degree of negligence, imprudence or inexperience with regard also to the predictability of the event;
- the overall conduct of the worker, with particular regard to the existence or otherwise of previous disciplinary measures of the same, within the limits of the law;
- the worker's duties;
- the functional position and level of responsibility and autonomy of the persons involved in the facts constituting the absence;
- other special circumstances relating to the disciplinary offence.

This is without prejudice to the prerogative of the Company to claim compensation for damages deriving from the violation of Model 231 by an employee. The compensation for any damages requested will be commensurate:
- the level of responsibility and autonomy of the employee who committed the disciplinary offence;
- the existence of any disciplinary precedents against the same;
- the degree of intentionality of his behavior;
- the severity of its effects.

5.2.2 Penalties for Executives

In the event of a violation of Model 231 by "Executive Employees", the Company will apply the most appropriate measures to them in accordance with the provisions of current legislation, the applicable national collective bargaining agreement and Article 7 of Law no. 300 of 20 May 1970 (Workers' By-laws).
If the violation of Model 231 causes the relationship of trust to fail, the sanction is identified as dismissal for just cause.
In the event of a significant breach of the provisions and/or procedures and/or internal rules contained in this Model 231, in the company procedures and in the performance of the activities included in the

Sensitive Activities, which causes the loss of the relationship of trust that characterises the employment relationship or is so serious as not to allow its continuation, the **termination of the employment relationship** may be applied, which must be decided by the Board of Directors.

5.2.3 Sanctions for Directors

Upon notification of a violation of the principles, provisions and rules of Model 231 by one of the members of the Board of Directors, it is required to promptly inform the entire Board of Directors and the Board of Statutory Auditors, for the adoption of appropriate measures.
In accordance to the Article 2392 of the Civil Code, Directors are responsible for negligence. Therefore, in accordance to the Article 2393 of the Civil Code, an appropriate sanction, proportionate to the damage of the negligence, must be decided by the Shareholders' Meeting.
In order to guarantee the full exercise of the right of defense, a time limit must be set within which the interested party may submit justifications and/or defensive writings and may be heard.

5.2.4 Sanctions against Statutory Auditors

Upon notification of a violation of the provisions and rules of Model 231 by the members of the Board of Statutory Auditors, the Supervisory Body is required to promptly inform the entire Board of Statutory Auditors and the Board of Directors, for the adoption of appropriate measures including, for example, the calling of the Shareholders' Meeting in order to adopt the most appropriate measures. The Supervisory Body, in its information activity, shall not only report on the details concerning the violation, but also briefly indicate the appropriate further investigations to be carried out and, if the violation is ascertained, the most suitable measures to be taken (for example, the revocation of the mandate of the auditor involved). In order to guarantee the full exercise of the right of defense, a time limit must be set within which the interested party may submit justifications and/or defensive writings and may be heard.

5.2.5 Sanctions against collaborators and external subjects operating on behalf of the Company

The violation by the other Recipients of Model 231, having contractual relations with the Company for the performance of activities considered sensitive, will be sanctioned according to this Model, the Code of Conduct and related procedures.
These measures may provide the termination of the contract for higher severity violations and when such violations jeopardise the confidence of the Company in the third party.
The Supervisory Board shall inform the Managing Director with a written report.

5.2.6 Measures against the Supervisory Board

In the event of negligence and/or inexperience on the part of the Supervisory Board in monitoring the correct application of Model 231 and its compliance with it, and in failing to identify cases of violation thereof and eliminate them, the Board of Directors, in agreement with the Board of Statutory Auditors, will take the appropriate measures in accordance with the procedures provided for by current legislation, including the revocation of the appointment and without prejudice to the claim for compensation.

In order to guarantee the full exercise of the right of defense, a time limit must be set within which the interested party may submit justifications and/or defensive writings and may be heard.

In the event of alleged unlawful conduct on the part of the members of the Supervisory Board, the Board of Directors, once it has received the report, investigates the actual offence that has occurred and then determines the relative penalty to be applied.

CHAPTER 6 - TRAINING AND COMMUNICATION PLAN

6.1 Introduction

In order to effectively implement Model 231, the Company intends to ensure the correct dissemination of its contents and principles within and outside its organisation.

In particular, the Company's objective is to communicate the contents and principles of Model 231 not only to its own employees but also to subjects who, although not formally qualified as employees, operate - even occasionally - to achieve the Company's objectives by virtue of contractual relations. In fact, the recipients of the 231 Model are both persons who hold representative, administrative or management positions in the Company, as well as persons subject to the management or supervision of one of the aforesaid persons (pursuant to art. 5 of Legislative Decree no. 231/2001), but also, more generally, all those who work for the achievement of the Company's purpose and objectives. The recipients of Model 231 therefore include the members of the corporate bodies, the persons involved in the functions of the Supervisory Body, employees, collaborators, agents, traders, external consultants and commercial and/or industrial and/or financial partners.

The Company, in fact, means:

- determine, in all those who work in his name and on his behalf in the "sensitive areas", the awareness of being able to incur, in the event of violation of the provisions contained therein, in an offence punishable by penalties;
- inform all those who operate for any reason in its name, on its behalf or in its interest that the violation of the provisions contained in Model 231 will result in the application of appropriate sanctions or the termination of the contractual relationship;
- reaffirm that the Company does not tolerate unlawful conduct of any kind and for any purpose whatsoever, since such conduct (even if the Company is apparently in a position to benefit from it) is in any case contrary to the ethical principles to which the Company intends to adhere.

Communication and training activities vary according to the Recipients to whom they are addressed, but are, in any case, based on principles of completeness, clarity, accessibility and continuity in order to allow the various Recipients to be fully aware of those company provisions that they are required to comply with and of the ethical rules that must inspire their conduct.

These recipients are required to comply punctually with all the provisions of the 231 Model, also in fulfilment of the duties of loyalty, correctness and diligence that derive from the legal relationships established by the Company.

Communication and training activities are supervised by the Supervisory Body, which is assigned, among other things, the tasks of "promoting and defining initiatives for the dissemination of knowledge and understanding of Model 231, as well as for the training of personnel and raising their awareness of compliance with the principles contained in Model 231" and "promoting and developing communication and training measures on the contents of Legislative Decree no. 231/2001, on the impact of legislation on the company's activities and on rules of conduct".

6.2 Employees

Each employee is required to: i) acquire awareness of the principles and contents of Model 231 and the Code of Conduct; ii) know the operating methods with which their activities must be carried out; iii) actively contribute, in relation to their role and responsibilities, to the effective implementation of Model 231, pointing out any shortcomings found in it.

In order to guarantee an effective and rational communication activity, the Company promotes the knowledge of the contents and principles of the Model 231 and of the implementation procedures within the organization applicable to them, with a different degree of detail depending on the position and the role covered.

Employees and new employees are given a copy of Model 231 and the Code of Conduct or are guaranteed the opportunity to consult them directly on the company intranet in a dedicated area; they are required to sign a declaration of knowledge of and compliance with the principles of Model 231 and the Code of Conduct described therein.
In any case, for employees who do not have access to the Intranet, this documentation must be made available to them by alternative means such as posting on company notice boards.
Managers are responsible for training and communication of the principles of the Model 231, the Code of Ethics and the Anticorruption Policy, as indicated by the Supervisory Board and identifying the best training ways.

Training initiatives may also be carried out remotely through the use of information systems (e.g.: video conference, e-learning, staff meeting, etc.).
At the end of the training event, participants must complete a questionnaire, certifying that they have received and attended the course.

The completion and sending of the questionnaire will serve as a declaration of knowledge and observance of the contents of Model 231.
Appropriate communication tools will be adopted to update the addressees of this paragraph about any changes made to the 231 Model, as well as any significant procedural, regulatory or organizational changes.

6.3 Members of the corporate bodies and persons with representative functions of the Company

Members of the Company's governing bodies and persons with representative functions of the Company will be provided with a hard copy of the 231 Model at the time of acceptance of the office conferred on them and will be required to sign a declaration of compliance with the principles of the 231 Model itself and the Code of Conduct.

Appropriate communication and training tools will be adopted to update them on any changes made to the 231 Model, as well as any significant procedural, regulatory or organizational changes.

6.4 Supervisory Body

Specific training or information (e.g. on any organisational and/or business changes in the Company) is provided to the members of the Supervisory Board and/or to the persons it makes use of in the performance of its functions.

6.5 Other addressees

The activity of communicating the contents and principles of Model 231 must also be addressed to third parties who have contractually regulated collaboration relationships with the Company (for example: commercial/industrial partners, agents, traders, consultants and other independent collaborators) with particular reference to those who operate in the context of activities considered sensitive pursuant to Legislative Decree no. 231/2001.

To this end, the Company will provide third parties with an extract of the reference principles of Model 231 and the Code of Conduct and will evaluate the opportunity to organize ad hoc training sessions if it deems it necessary.

Training initiatives may also take place at a distance through the use of computer systems (e.g. video conference, e-learning).

CHAPTER 7 - ADOPTION OF THE MODEL - CRITERIA FOR MONITORING, UPDATING AND ADAPTING THE MODEL

7.1 Model checks and controls

The Supervisory Board must draw up an annual Audit Plan through which it plans, in principle, its activities, providing for: a calendar of activities to be carried out during the year, the determination of the timing of controls, the identification of criteria and analysis procedures, the possibility of carrying out unscheduled checks and controls.

In the performance of its activities, the Supervisory Board may avail itself of the support of functions and structures within the Company with specific skills in the company sectors subject to control from time to time and, with reference to the execution of the technical operations necessary for the performance of the control function, of external consultants. In this case, the consultants must always report the results of their work to the Supervisory Board[27].

The Supervisory Board is granted, during the course of checks and inspections, the widest powers in order to effectively carry out the tasks assigned to it[28].

7.2 Updating and adapting

The Board of Directors resolves on the updating of Model 231 and its adaptation in relation to any amendments and/or additions that may be necessary as a result of:

i) significant violations of the provisions of the Model231;

ii) changes in the internal structure of the Company and/or in the methods of carrying out business activities;

iii) regulatory changes;

iv) control results.

Once approved, the amendments and instructions for their immediate application are communicated to the Supervisory Board, which, in turn, will immediately make the amendments operational and ensure the correct communication of the contents inside and outside the Company.

The Supervisory Board retains, in any case, precise tasks and powers with regard to the care, development and promotion of the constant updating of the 231 Model. To this end, it formulates observations and proposals, relating to the organization and control system, to the company structures responsible for this or, in cases of particular importance, to the Board of Directors.

In the event that changes of an exclusively formal nature, such as clarifications or clarifications to the text or changes related to decisions of the Board of Directors, are necessary, the Managing Director may make such changes autonomously.

[27] "The Organisational Model should also specify that: (...) the Supervisory Board may avail itself, under its direct supervision and responsibility and with the help of all the structures of the Company, or of external consultants". Confindustria, Guidelines, cit., in the final version updated to March 2014.

[28] Ref. to Paragraph 4.3

In the first useful meeting of the Board of Directors, the Chairman or, alternatively, the Chief Executive Officer shall present a specific information note on the changes made in the implementation of the proxy received in order to make it the subject of a resolution for ratification by the Board of Directors.

In any case, the Board of Directors remains exclusively responsible for resolving on updates and/or adjustments to the 231 Model due to the following factors:

- changes in legislation concerning the administrative liability of entities;
- identification of new sensitive activities, or changes to those previously identified, also possibly related to the start of new business activities;
- formulation of observations by the Ministry of Justice on the Guidelines pursuant to Article 6 of Legislative Decree no. 231/2001 and Articles 5 et seq. of Ministerial Decree no. 201 of 26 June 2003;
- commission of the offences referred to in Legislative Decree no. 231/2001 by the recipients of the provisions of the Model 231 or, more generally, of significant violations of the Model231;
- detection of deficiencies and/or gaps in the provisions of Model 231 following checks on its effectiveness.

The Model 231 will, in any case, be subject to a periodic review procedure to be arranged by resolution of the Board of Directors.