

Model of Organisation,  
Management and Control  
pursuant to Legislative Decree 231/2001

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Conceria Pasubio S.p.a.

Approved with resolution of the Board of Directors on 20.12.2020

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## 1. Legislative Decree no. 231 of 8 June 2001: "Regulations governing the administrative liability of legal persons, companies and associations, including those without legal character"

### 1.1. The administrative liability of legal persons

Legislative Decree no. 231/2001 (hereinafter referred to as the "**Decree**") - issued on 8 June 2001 and entered into force on 4 July 2001 - introduced, for the first time in our legal system, a special form of liability - defined by the Decree as "administrative" but essentially referring to the penal liability - of juridical persons, companies and associations, including those without juridical status (hereinafter referred to as the "**Entity/s**") for the illegal administrative offences resulting from the commission of certain offences, in the interest or to the advantage of the Entities themselves, by:

- a) persons who hold positions of representation, administration, or management of the Entity or of one of its organisational units with financial and functional autonomy, as well as persons who exercise, even de facto, the management and control of the same (hereinafter "**Key Persons**").
- b) persons subject to the direction or supervision of one of the above-mentioned persons (hereinafter "**Subordinates**").

The Entity's liability does not replace the penal liability of the physical person who materially committed the offence, but is added to it and, constituting an autonomous title of liability, remains, moreover, also in the event that the material author of the offence has not been identified or cannot be charged.

The liability introduced by the Decree only arises in cases where the offence has been committed 'in the interest or to the advantage' of the Entity. It is therefore not strictly necessary to identify a pecuniary advantage for the Entity, the existence of the Entity's interest in the unlawful conduct conducted being sufficient.

On the other hand, the Entity is not liable if the person acts exclusively in its own interest or in the interest of third parties.

### 1.2. The catalogue of predicate offences

The Entity's liability does not arise in respect of any alleged offence but can be configured only following the integration of those criminal offences (hereinafter "**alleged offences**") expressly indicated in the Decree, since this is an exhaustive list.

The text of the Decree - which in its original wording listed only a few offences - has been the subject of several legislative interventions over the years, which have progressively expanded the catalogue of predicate offences, so that it currently includes the following types of offences:

- **Art. 24:** misappropriation of funds, fraud to the detriment of the State, a public body, or the European Union or for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public procurement.
- **Art. 24-bis:** computer crimes and unlawful processing of data.

- **Article 24-ter:** organised crime offences.
- **Article 25:** embezzlement, concussion, undue induction to give or promise benefits, corruption, and abuse of office.
- **Article 25-bis:** Falsification of money, public credit cards, revenue stamps and identification instruments or signs.
- **Article 25-bis.1:** offences against the industry and the commerce.
- **Art. 25-ter:** corporate offences.
- **Art. 25-quater:** offences for the purpose of terrorism or subversion of the democratic order.
- **Art.25-quater.1:** practices of mutilation of female genital organs.
- **Art. 25-quinquies:** crimes against the individual personality.
- **Art. 25-sexies:** market abuse.
- **Art. 25-septies:** Culpable homicide or severe or very severe injuries committed in violation of the rules on health and safety at work.
- **Article 25-octies:** handling of stolen goods, money laundering and use of money, goods, or benefits of unlawful origin, as well as self-laundering.
- **Art. 25-octies 1:** offences relating to payment instruments different from cash.
- **Art. 25-nonies:** offences relating to violation of copyright.
- **Article 25-decies:** inducement not to make statements or to make false statements to the judicial authorities.
- **Article 25-undecies:** environmental offences.
- **Art. 25-duodecies:** employment of third country citizens illegally residing in the country.
- **Art.25-terdecies:** racism and xenophobia.
- **Art. 25-quaterdecies:** fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices.
- **Art. 25-quinquiesdecies:** Tax offences.
- **Art. 25-sexiesdecies:** smuggling.
- **Art. 25-septiesdecies:** crimes against cultural heritage.
- **Art. 25-octiesdecies:** recycling of cultural property and devastation and looting of cultural and landscape property.

For a more detailed discussion of the offences provided for in the Decree, please refer to the individual *Protocols of the Special Part*, as well as to the *Regulatory Appendix - Annex 3*.

Law no. 146/2006, ratifying and implementing the UN Convention and Protocols against organised crime, also extended the liability of Entities to so-called "transnational organised crime offences" (such as, for example, offences of criminal association, trafficking in migrants and obstruction to the justice, when they have the character of being transnational).

The Decree applies in relation both to offences committed in Italy and to those committed abroad, when:

- a) the Entity has its head office in the territory of the Italian State (i.e., the actual seat of administrative or management activities) or the place where the activity is conducted on a continuous basis.
- b) where the State of the place in which the offence was committed is not proceeding directly against the same.

### 1.3. The sanctions

In the event that the commission - or attempted commission - of an administrative offence dependent on a crime is ascertained, the Entity may be subject to the following types of sanctions:

- **Financial sanctions**

The pecuniary sanction is a sanction with quotas, never less than 100 nor more than 1000, and is always applied in case of conviction of the Entity.

In the assessment of the sanction, the judge determines the number of shares considering the seriousness of the offence, the degree of responsibility of the Entity and the activity conducted by the Entity to eliminate or mitigate the consequences of the offence and to prevent the commission of further offences.

The amount of the single quota, on the other hand, is fixed on the basis of the economic and financial conditions of the Entity in order to ensure the effectiveness of the sanction.

- **Bans / disqualification sanctions**

Disqualification sanctions are temporary sanctions of a duration - without prejudice to the provisions of art. 25 paragraph 5 of the Decree - of not less than three months and not more than two years. This is specifically about:

- a) disqualification from exercising the activity.
- b) suspension or revocation of authorisations, licences, or concessions functional to the commission of the offence.
- c) prohibition to contract with the Public Administration (except to obtain the services of a public service).
- d) exclusion from benefits, funding, contributions, or subsidies, as well as the revocation of those already granted.
- e) ban on advertising goods or services.

In deciding on the type of sanction and its duration, the court shall use the same criteria as those indicated for the application of the pecuniary sanction, also considering the suitability of the sanction to prevent offences of the type committed.

They are inflicted, together with a pecuniary penalty, only in relation to offences for which they are expressly and specifically provided for by the Decree, if at least one of the following conditions applies:

- a) the Entity had already previously committed an offence dependent on a crime.
- b) the Entity has made a significant profit from the illicit act and the offence was committed by Senior Executives or Subordinates (when the commission of the offence was determined or facilitated by serious organisational shortcomings).

Disqualification sanctions, however, do not apply when, prior to the opening statement of the first instance hearing, the Entity:

- a) has fully compensated for the damage and eliminated the harmful or dangerous consequences of the offence or has in any case made effective efforts to do so.
- b) has eliminated the organisational shortcomings that led to the offence by adopting and implementing suitable models to prevent offences of the type that occurred.
- c) has made the profit available for the purpose of confiscation.

Where there are serious indications of liability of the Entity and there is evidence to suggest a concrete danger that offences of the same nature may be committed, prohibitory measures may be applied, at the request of the Public Prosecutor, even as a precautionary measure, already at the preliminary investigation stage.

▪ **Confiscation**

The Entity is always subject, with the sentence of conviction, to the confiscation of the price or profit of the crime (except for the part that can be returned to the injured party) or, when this is not possible, to the confiscation of sums of money, goods, or other utilities of equivalent value to the price or profit of the crime.

▪ **Publication of the judgement**

The publication of the sentence may be ordered when a disqualification measure is imposed on the Entity and is conducted at the Entity's expense.

#### 1.4. Organization, management, and control model

The Decree has provided for a form of exemption from liability in question, if the Body demonstrates that it has adopted and effectively implemented the necessary measures to prevent the commission of the offences provided for by the same Decree.

Specifically, for the purposes of exoneration from liability and the judgement thereof, it is necessary to distinguish according to the role assumed within the Entity by the perpetrator of the unlawful conduct.

For offences committed by Senior Management, the Entity shall not be liable if it can prove that:

- a) the management body has adopted and effectively implemented, prior to the commission of the offence, organisational and management models suitable for preventing offences of the type that occurred.
- b) the task of supervising the functioning and observance of the models, of taking care of their updating has been entrusted to a committee of the Entity endowed with autonomous powers of initiative and control.
- c) the persons committed the offence by fraudulently evading the organisation and management models.
- d) there has been no omission or insufficient supervision by the entity referred to in point b).

For offences committed by the Subordinates, the Decree provides that the commission of the offence was not made possible by the failure to comply with management and control obligations on the part of the Senior Executives.

Such non-compliance is in any case excluded if the Entity, prior to the commission of the offence, has adopted and effectively implemented an organisation and management model suitable for preventing offences of the type committed.

With reference to the content of the organisation and management models (hereinafter "**Models/Model**"), and again for the purposes of the judgement of exemption from liability, the Decree provides that they must meet the following requirements:

- a) identify the activities within the scope of which offences may be committed.
- b) provide for specific controls aimed at planning the training and implementation of the Entity's decisions in relation to the crimes to be prevented.



- c) identify ways of managing financial resources suitable for preventing the commission of offences.
- d) provide for information obligations towards the body responsible for supervising the operation of and compliance with the models.
- e) introduce a disciplinary system to sanction non-compliance with the measures set out in the model.

In addition, again in accordance with the provisions of the Decree, the Models must provide for communication channels - suitable for guaranteeing, also by means of computerised procedures, the confidentiality of the identity of the reporting person - through which the Recipients may report unlawful conduct relevant to the Decree or violations of the Model of which they have become aware by virtue of their functions.

Finally, in order to ensure the necessary effectiveness of the Models, periodic checks must be conducted on them, and they must be amended, if necessary, if there are significant violations of the provisions contained therein, or if there are changes in the business activity or in the company's organisation or changes in the reference legislation.

## 2. The Model of Conceria Pasubio S.p.a.

### 2.1. Conceria Pasubio S.p.a.

Conceria Pasubio is a joint-stock company with its registered office in Arzignano (Vi), via Seconda Strada n. 38, VAT no. 00165480245.

The business activity of Conceria Pasubio S.p.a. (hereinafter the '**Company**') is the processing of raw hides and related trade. For more than 60 years, in fact, the company has been researching and developing new methods and techniques for processing leather and has succeeded, based on an important manufacturing tradition, in achieving a production capacity that exceeds all expectations. Over the last 20 years, the choice has been to devote itself almost entirely to the *automotive* sector, in which it has become one of Europe's biggest *competitors*.

It also deals with the purchase, sale, exchange, lease, management, construction, renovation, and allotment of civil, industrial, commercial, and agricultural properties at European level.

Furthermore, the Company - even if not in a prevalent manner and entirely accessory and instrumental to the achievement of the corporate purpose, and in any case with the express exclusion of any activity carried out with regard to the public - may carry out all commercial, financial, industrial, movable and real estate transactions, grant sureties, endorsements, deposits and guarantees, also in favour of third parties, as well as acquire, only for the purpose of stable investment, and not for placement, both directly and indirectly, shareholdings in Italian and foreign companies having a purpose similar, similar or connected to its own.

The company, in addition to its registered office, has 6 local units where it conducts the processing of raw hides and a warehouse:

- local unit in Arzignano (Vi), via Seconda Strada n. 38.
- local unit in Zermeghedo (Vi), via Valdichiampo n. 12.
- local unit in Trissino (Vi), via Località Colombara n. 76.
- local unit in Serbia, Filipa Visnjica Bb Sabac.
- local unit in Arzignano (Vi), via Sesta Strada n. 65.
- local unit in Lonigo (Vi), via Casette n. 3.

The *Corporate governance* is of a traditional type, with a Board of Directors ("**BoD**") and a Board of Statutory Auditors, and an auditing company has also been appointed.

The Board of Directors currently consists of eight directors.

The Board of Statutory Auditors consists of three ordinary members and two substitute members. The accounting control, instead, is entrusted to the Auditing Company Deloitte and Touche S.p.A.

The sole shareholder of Conceria Pasubio S.p.A. is Leather 2 S.p.A., which is 100% controlled by Leather S.p.A., which in turn is 89.67% controlled by PAI Raif and the remaining 10.33% by Cordusio Fiduciaria S.p.A., as shown in the attached group chart.

In addition, the Company holds:  
- 100% di Arzignanese S.r.l.

- 100% of Hewa Leder GmbH.
- 70% of GD Servicios Internacionales del Norte, S. de R.L. de CV-
- 70% GDI Assemblies LLC.

The Company, for the actual management of its business, is organised according to a structure at the top of which reside the Chief Executive Officer, the Chief Financial Officer (CFO), the Chief Operating Officer (COO) and the Chief Technical Officer (CTO).

The Chief Executive Officer (hereinafter referred to as 'CEO') is assisted in the ordinary and extraordinary management by the company Departments, identified in the company organisation chart (which is part of the documentation attached to this Model).

The Managements are then articulated differently internally in relation to the specific activities conducted.

The operational structure of the Company is structured as follows:

- a) system of delegated powers conferred on the CEO by resolution of the Board of Directors, in addition to the delegation of functions in the field of health and safety at work and in environmental matters, the delegation of powers in tax and customs matters, and the appointment of the Employer.
- b) system of special powers of attorney granted by the CEO to the various company representatives.
- c) set of internal company procedures (consisting of the procedures indicated in the Summary Documents "Configuration Management" and "Integrated Management System - Management of Procedures and Forms"), brought to the attention of all the Recipients of the Model and available.

## 2.2. General characteristics, purpose, and addressees of the model

The Company considered it not only appropriate, but also necessary, to adopt the Model, in accordance with the provisions of the Decree, the relevant legal guidelines and the Guidelines issued by Confindustria (the Italian Confederation of Industry). And this, regardless of the exemption introduced by the Decree, was done with the convinced will to implement the levels of transparency, loyalty and efficiency of the organisation of internal corporate management, by means of effective behavioural procedures, and to make all the Recipients of the Model aware of the need to respect the principles introduced by the Model and the conduct prescribed by the system of internal procedures.

The Model is addressed to all those who work in any capacity for the Company, whatever the relationship - even temporary - that binds them to it.

In particular, the Model is addressed to (hereinafter "**Recipients**"):

- those who perform, also de facto, functions of representation, administration, management, and control of the Company.
- all employees.

The provisions of the Model are also intended, to the extent that it is possible to comply with them, for the Company's collaborators, consultants, and suppliers and for all those who come into contact - even temporarily - with the Company.

Through the adoption of this Model, the Company pursues the following objectives:

- to structure a system of principles of conduct, procedures and internal control activities aimed at preventing the risk of committing the offences indicated in the Decree.
- raise the awareness of the Recipients of the Model, requiring transparent, correct, and compliant conduct in accordance with the values by which the Company is inspired in the performance of its activities and its corporate mission.
- consolidate in all the Recipients of the Model the awareness that any violation of the provisions of the Model constitutes an offence from which disciplinary, as well as - possibly - criminal and administrative sanctions may derive.
- clearly regulate a system of sanctions that constitutes the essential instrument of protection for the Company against those Recipients who may be in violation of the Model and the principles to which the Company adheres.

### 2.3. The model adoption process: guiding principles and methodology

In order to make the overall management of company processes and activities consistent with the provisions of the Decree, the activity of preparing this Model has been conducted according to the following fundamental general principles:

- respect for the principle of segregation of duties and creation of an effective system of delegated and proxy powers.
- attribution of powers and responsibilities consistent with the tasks performed and the positions held within the organisational structure.
- formalise the procedures to be followed in company activities assessed to be at risk of offence.
- preparation of an adequate internal control system and traceability of the monitoring activities conducted on the operational and administrative accounting processes.
- communication of the adoption and/or updating of the Model to all Recipients and dissemination of the behavioural principles envisaged therein.
- attribution to the Supervisory Body of the control tasks on the effective and correct functioning of the Model.
- implementation of the sanction system.

The drafting of the Model was divided into several stages, which led through different degrees to the development of an organisation, management, and control system suitable to prevent the commission of the offences referred to in the Decree.

Specifically, a preliminary analysis of the Company's corporate context was conducted in order to identify, in the light of the actual activity conducted, the areas and, within these areas, the processes that are most exposed to the risk of one of the offences provided for in the Decree being committed.

As a result of this assessment, the types of offences that can actually be committed have been identified - for each area and/or sensitive transaction identified - and the possible methods of commission have been hypothesised.

The internal control system was therefore examined, with special attention to the controls and procedures already in place and, where necessary, the system was modified or integrated by including additional controls in the preparation of which the specific company situation and the effective possibility of their implementation were considered.

For a reconstruction of this activity and its results, see *the Risk mapping - Annex 2* and *Special Section A - Analysis of offences at risk*.

## 2.4. Structure of the model

The Company's Model is composed, as summarised below in a schematic manner, of the following parts and their contents:

General Part	<ul style="list-style-type: none"> <li>▪ Regulations referred to in the Decree.</li> <li>▪ Structure, characteristics and purpose of the Organisation, Management and Control Model adopted by Conceria Pasubio S.p.a.</li> <li>▪ Supervisory Body.</li> <li>▪ Sanction system.</li> <li>▪ General principles of training and information concerning the Model.</li> </ul>
Special Part	<ul style="list-style-type: none"> <li>▪ Special Part A - Analysis of offences at risk.</li> <li>▪ Special Part B - Crimes against the Public Administration and the administration of justice.</li> <li>▪ Special Part C - Computer crimes and offences in violation of copyright.</li> <li>▪ Special Part D - Crimes against the industry and the commerce and articles. 473 and 474 of the penal code.</li> <li>▪ Special Part E - Corporate Offences and Market Abuse.</li> <li>▪ Special Section F - Offence of employment of third country nationals whose stay is irregular, offences related to illegal immigration and illegal brokering and exploitation of labour.</li> <li>▪ Special Section G - Crimes of culpable homicide and severe and very severe personal injury in violation of the rules on accident prevention and on the protection of hygiene and health at work.</li> <li>▪ Special section H - Offences of receiving stolen goods, money laundering, use of money, goods or other benefits of unlawful origin, self-laundering.</li> <li>▪ Special Part I - Environmental Offences:</li> <li>▪ Special Part L - Crimes of racism and xenophobia.</li> <li>▪ Special Part M - Tax offences.</li> <li>▪ Special Part N - Smuggling offences.</li> </ul>
Attachments	<ol style="list-style-type: none"> <li>1. Ethical Code.</li> <li>2. Risk mapping.</li> <li>3. Regulatory Appendix.</li> <li>4. Information Flows.</li> <li>5. <i>Anti-Corruption Policy</i></li> </ol>

Company documentation	<p>The documents referred to in the Model shall be considered integral parts thereof in their latest version as updated and approved by the Company.</p> <p>Specifically, the company organisational chart, the powers delegated by the Board of Directors, the special powers of attorney, the set of internal company procedures and the corporate governance system are all part of the Model (see Summary documents " Management of the configuration" and "Integrated Management System - Management Procedures and Modules"), including specifically the Integrated Management System also on Safety and Environment.</p>
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It should be noted that the Protocols of the Special Section - divided into homogeneous categories of offence - have been prepared with reference only to the categories for which the risk of commission of offences within the structure of Conceria Pasubio S.p.a. has been assessed as significant (on this point see *Risk Mapping - Annex 2* and *Special Section A - Analysis of offences at-risk*).

For all the other offences provided for in the Decree and not expressly provided for in a specific Protocol of this Model, it is considered that compliance with the provisions of the Model and the general principles contained in the Code of Ethics is sufficient to avoid the risk - in any case irrelevant - of their being committed.

Please refer to *Regulatory Appendix - Annex 3* for the full text of all the predicate offences referred to in the Decree.

## 2.5. Implementation and updating of the Model

This Model was approved by the Board of Directors of the Company on 20.12.2020.

The Company undertakes to integrate and/or amend the Model in order to ensure compliance with the requirements of suitability and effectiveness of the same as well as adherence of its content to the changes that may affect the organisation and activities of the Company or the reference legislation.

To the Supervisory Board (hereinafter "SB", on which see *infra-Cap.* 3) is assigned the task of proposing - with the necessary timeliness - updates relating both to operational aspects concerning opportunities for changes or implementations, and to regulatory aspects of adjustment resulting from legislative reforms of the Decree (possible inclusion of new predicate offences or modification of the same).

Any amendments or additions to this document are subject to approval by the Board of Directors. However, the AD is given the power to proceed directly with modifications which are not of a substantive nature.

## 2.6. Nature and relations with the Ethical Code

Contextually to this Model, the Company also proceeds with the adoption of the Ethical Code containing the founding values and ethical principles that tell and inspire the work and the company

policy of Conceria Pasubio S.p.a., attached to this Model.

In this perspective, the general principles contained therein represent a valid interpretative reference also for the application of the Model.

The Ethical Code is an integral part of this Model and as such has binding effect for all its Recipients.

With regard to the internal distribution of the Ethical Code, please refer in full below to Chapter 5, Diffusion, and Information of the Model.

The Ethical Code is furthermore brought to the attention - also through the inclusion of specific clauses in individual contracts - of all the third parties (suppliers, purchasers, consultants, etc.) that have business relations with the Company, so that they too, in their relations with the same, conduct themselves in line with the ethical principles that are symbolic of the company policy.

### 3. The Supervisory Body

#### 3.1. Characteristics and function

The Legislative Decree no. 231/2001 provides, as an indispensable prerequisite for the Entity's exemption from liability, that a body within the Company - the so-called Supervisory Board (formerly called "OdV") - must be appointed, with autonomous powers of initiative and control, which is assigned the task of supervising the operation, effectiveness and compliance with the Model, as well as ensuring that it is constantly and promptly updated.

In order to be able to correctly and effectively perform the role assigned to it by the Decree, it is common ground in case law that the Supervisory Board must have the following subjective requirements:

- Autonomy and independence:
  - a) possession of autonomous powers of initiative and control.
  - b) absence of operational tasks.
  - c) placement in a position of direct reference to the Board of Directors.
  - d) economic autonomy, with an annual expenditure *budget*.
- Professionalism:

possession of specific knowledge and technical skills in the areas covered by its inspection and control activities, for the performance of which it may also avail itself of the advice of external parties.
- Continuity of actions:

constantly supervise the Model, take care of its implementation, and ensure that it is periodically updated, also through continuous information flows and the collaboration and support of an internal contact person within the Company

#### Structure and requirements

In consideration of the elements described above, and also considering the size, characteristics, and organisational structure of the Company, it is considered appropriate that the SB of the Company be a collegiate body, composed of three members, one of whom assumes the role of Chairman.

The SB is made up of at least two external members, who are therefore more endowed with the requirements of autonomy and independence, while the third member, at the discretion of the Company, may also be internal, provided that he or she plays a role that guarantees as much as possible the requirements of autonomy and independence. As for the two external persons, the first must have the requirements of professionalism in legal matters, and the second in administration and accounting/health and safety at work, both with proven experience in the matters covered by the Decree.

The members of the SB must meet the requirements of integrity required by the nature of the task assigned to them and must also be exempt, both at the time of appointment and throughout the duration of the appointment - under penalty of ineligibility or immediate forfeiture - from the following causes of incompatibility which, otherwise, could undermine their autonomy, independence and freedom of action and judgement, and specifically:



- have interests in conflict, even if only potential, with the Company or with other corporate functions or posts.
- be owners, directly or indirectly, of shares in the Company or in companies related to it.
- to be in the legal condition of being disqualified, incapacitated, bankrupt or sentenced to a penalty that amounts to disqualification, even temporary, from public office or incapacity to exercise managerial offices.
- have been subjected to preventive measures ordered by the judicial authority, without prejudice to the effects of rehabilitation.
- have been convicted or under investigation or have agreed to the application of the penalty pursuant to art. 444 et seq. of the Italian Penal Code - except for the effects of rehabilitation - in relation to one of the offences provided for by the Decree or offences of the same nature.

With reference only to the internal member, the requirement of conflict of interest must - obviously - be interpreted less rigidly, given all the other causes of ineligibility.

### Appointment and revocation

The Supervisory Board is appointed by the Board of Directors with a resolution which must also expressly indicate the remuneration - appropriate to the role performed - established for the performance of the task, as well as the annual *budget* made available to the body for the performance of its activities.

In order to guarantee the continuity of the SB's action, the duration of the assignment is set at three years, renewable by resolution of the Board of Directors.

Before the expiry of the term of office, the office may be terminated by resignation, forfeiture, revocation, death.

If one of the members of the SB fails for one of these reasons but the majority remains in office, it is possible to appoint a new member who will remain in office until the expiry of the SB's term of office.

If the majority of the members ceases to exist, the SB shall be deemed to have lapsed and the entire body shall be reappointed.

Specifically:

- the renunciation may be made at any time by any member, with written notice to the Board of Directors.
- forfeiture occurs in the event that one of the causes of ineligibility listed above occurs. Other causes of forfeiture include:
  - a) to have breached the obligation of confidentiality with regard to news and information acquired in the performance of their duties, without prejudice to the information obligations expressly provided for.
  - b) be affected by a serious infirmity which renders one of the components permanently unfit for duty, or an infirmity which results in absence for a period exceeding six months.
  - c) for the sole internal member appointed by reason of the functions he performs within the company: termination, for any reason whatsoever, of the employment relationship; change of job, which determines the assignment of the person to a different function, if such change makes it impossible or inappropriate to perform the office.
- revocation for good reason.  
By way of example, the following constitute just cause for revocation:

- a) the serious breach of his duties as defined by the Model and referred to in the deed of appointment.
- b) the adoption of obstructive behaviour towards the other members.
- c) absence from meetings for 12 consecutive months without good reason.
- d) the loss of the requirements of autonomy, independence, and professionalism.
- e) the issuance, pursuant to the Decree, of a sentence of conviction of the Body or application of the penalty pursuant to Legislative Decree no. 231/2001 or the precautionary application to the Company of an injunction, where it is found that there has been omitted or insufficient supervision by the SB.

In the presence of one of the causes of revocation just listed, the Board of Directors, having conducted the appropriate investigations, after an interview with the interested party and the other members of the SB, declares the forfeiture or revocation of the member and appoints a new member. However, if the Board of Directors finds that the cause of revocation is likely to be eliminated (e.g., presence of conflict of interest), it may also choose to indicate to the SB member a period of not less than thirty days within which to terminate the cause of revocation in question. After this period has elapsed uselessly, the Board of Directors proceeds to declare the revocation or forfeiture of office and appoints the new member.

It is also possible for the Board of Directors, having consulted the Board of Auditors and the other members of the SB, to suspend the member of the SB who is found to have reported:

- a conviction for an offence other than those for which forfeiture is provided.
- the provisional application of a preventive measure.
- the application of a personal precautionary measure.

In the event that one of the causes that determine the termination of office occurs and a new member has not been appointed at the same time, the Chairman of the SB is obliged to inform the Board of Directors of the need to replace and appoint a member of the SB.

If the Chairman ceases to hold office for any reason whatsoever, the most senior member of the Board of Directors shall take his place, and who shall remain in office until the date on which the Board of Directors appoints the new Chairman of the SB.

### Mission and tasks

In accordance with the provisions of the Decree, the SB exercises, in complete autonomy, the functions indicated by the Model with respect to all sectors and activities of the Company.

Specifically, the Supervisory Board is assigned the following **control functions**:

- monitor the effective capacity of the Model to prevent the commission of the offences provided for in the Decree.
- ensure that the Recipients comply with the Model.
- supervise the updating of the Model, proposing to the Board of Directors the appropriate amendments, aimed at adapting it to any regulatory changes that may have occurred or to internal company organisational changes.

To this end, the Supervisory Board performs the following **tasks**:

- plan the performance of its audits and controls, as per its operational plan communicated at the beginning of each calendar year to the Board of Directors.
- conduct assessments regarding the performance of the company's activities, thus verifying the completeness and adequacy of the mapping of areas at risk to the company context.

- periodically assess the adequacy of the requirements of the Model and the procedures referred to therein to prevent the commission of the predicate offences.
- verify the correct application of the Model in all its parts, including through the help of external professionals and/or internal contacts, monitoring in particular the activities and operations conducted in areas at risk.
- verify the effectiveness and actual implementation of the rules of conduct and procedures referred to in the Model.
- verify the effective performance of the company's internal control system, also by receiving the minutes of the controls or audits conducted by the parties delegated to it (e.g., RSPP and Quality Manager).
- verify, through *follow-up* activities, that any recommended corrective action is taken by the relevant corporate functions.
- promote, in cooperation with the competent company departments, initiatives aimed at fostering knowledge and diffusion within the company of the principles and rules of conduct contained in the Model.
- verify the adequacy, as well as the effective performance of the aforementioned information and training initiatives of the Recipients, with particular reference to those conducted for those operating in areas of activity at risk.
- collect and process the reports and relevant information transmitted by the various company functions with reference to the Model and keep the results of the activity conducted and the related reports.
- monitor new regulations with particular regard to the matters covered by the Decree.
- propose to the Board of Directors any amendments or additions, also based on the results of the controls conducted.
- report to the Council on the activities conducted.

In order to fulfil its responsibilities, the SB, within its autonomy and discretion, may, at any time:

- have access to all the company documentation relevant to the performance of the functions assigned to it, with the exception of those subject to the obligation of secrecy by law.
- conduct inspections at all the Company's premises.
- relate with internal contacts by proceeding with meetings or requests for documentation or by arranging for them to send constant information flows, consisting of documents or reports.
- proceed with interviews with the Recipients or ask them for any information.
- request periodic or *one-off* written reports and reports from persons within the company.
- within the limits of the annual *budget* allocated, request consultancy from external parties, based on the specific skills needed to perform their tasks.

### Operation

The SB conducts periodic checks on the activities of the Company, at least quarterly or whenever it deems it necessary in accordance with the procedures that the SB may establish in its Internal Regulations.

Minutes must be drawn up for each activity conducted and all documentation relating to the work must be filed and stored by the Supervisory Board, in compliance with the integrity and confidentiality - pursuant to *privacy* legislation (EU Regulation No. 2016/679-GDPR and Legislative Decree No. 196/2003, as amended) - of all information received.

Also, with reference to the reports received (for which see par. 3.2 - Information flows of this chapter), they must be used with respect for confidentiality, preventing any retaliatory or

discriminatory action.

The SB, moreover, regulates its own functioning and all operational aspects related to its activity through the adoption of specific internal Regulations, drawn up and approved by the SB.

### 3.2. Information Flows

Information flows to and from the SB are provided to ensure the performance of the SB's activities.

#### Reporting activities in relation to corporate bodies

The SB reports directly to the Board of Directors and also reports to the Board of Statutory Auditors on the outcome of the audits conducted.

In detail, the SB communicates and updates the Board of Directors (and the Board of Statutory Auditors) through the preparation of a half-yearly report on its work in which the results of the control activities conducted by it and any initiatives taken with regard to the correct implementation of the Model are illustrated.

The SB is also obliged to promptly report to the Board of Directors and the Board of Statutory Auditors any violation of the Model of which it has become aware - directly or through reporting by the Recipients - and which has been deemed to be well-founded as a result of the checks conducted.

The SB may also, at any time, request meetings or interviews with the Board of Directors and other corporate bodies.

In turn, the Board of Directors and the other corporate bodies may, at any time, convene the SB to be informed about the operation of the Model or specific situations.

#### Information flows to the SB

As already noted, not only does the SB have the right to access all the company information available, useful for the performance of its investigation, analysis, and control activities, but all Recipients of the Model are required to collaborate with the SB and provide it with the requested information.

To this end, a specific document has been drawn up and attached to the Model (*Information flows to the SB - Annex 4*), which will be brought to the attention of the company departments concerned by the SB, indicating the information to be sent to the SB, the methods and frequency of transmission, to which reference should be made.

In addition to this, all the Recipients of the Model are obliged to immediately report any news of an alleged offence and any suspected violation of the Model, the Code of Ethics and the Anti-Bribery Policy or the set of internal procedures of which they become aware in the performance of their duties.

In particular, the reports must concern any violation or alleged violation relating, by way of example, to:

- principles adopted by the Ethical Code.
- principles of conduct and implementing procedures referred to in the Company's set of procedures.
- principles of conduct and control provided for in the Model.
- principles of conduct set out in the Anti-Corruption Policy.
- any behaviour even if only potentially suitable to integrate one of the predicate offences referred

to in the Decree.

- any document from which facts, acts, events, or omissions may emerge with critical profiles with respect to the integration of one of the predicate offences referred to in the Decree.

Art. 6 par. 2-bis of the Legislative Decree. 231/2001, as amended by Law No. 179/2017, expressly requires, on the one hand, that channels be set up to allow the Addressees to submit reports of unlawful conduct within the Company and, on the other hand, that protective measures be adopted to ensure the confidentiality of the reports and to avoid any form of retaliation or discrimination against the reporter.

To this end, the Company, aware of the importance of ensuring maximum protection against reporters, has taken all the necessary measures to protect their confidentiality and has established appropriate channels of direct communication with the SB - accessible exclusively by its members and suitable to ensure confidentiality of the identity of the reporter throughout the course of the reporting management activities - through which the Recipients of the Model can submit the reports of violations of which they become aware. The Company has also adopted a specific written procedure - *the Whistleblowing Policy* (to which reference should be made), with the aim of providing the person who wishes to make the above-mentioned reports with clear operating instructions on the subject, content, recipients and means of transmission of the reports, as well as information on the measures provided for by the law and by the Company itself to protect the reporter.

The reports in question may/must therefore be made, in a timely manner, and in the manner described in *the Whistleblowing Policy*, in writing to the e-mail address [odv@pasubio.com](mailto:odv@pasubio.com) or sent by ordinary mail to the address of the Supervisory Board - Conceria Pasubio S.p.a., via Seconda Strada n. 38 Arzignano (VI) or verbally.

Upon receipt of the report, the SB proceeds with a first assessment of the admissibility of the report, in the course of which it is assessed whether:

- the alert contains sufficient elements to be verified.
- this is not a simple complaint but a report concerning conduct conducted by a Recipient of the Model in violation of the same.
- the subject of the report has previously been subject to assessment by the Company or by the competent Authority.

The reports received in this way are managed by ensuring - without prejudice to legal obligations - the confidentiality of the identity of the reporter, also in order to avoid retaliatory attitudes or any form of discrimination or penalisation against them.

The Supervisory Board assesses the reports received promptly, carefully, and impartially, and when they are initially analysed and found to be relevant, detailed and based on precise and concordant facts, it conducts - always respecting the confidentiality of the person making the report - all the checks and further investigations necessary to ascertain the fact reported. In conducting its investigative activity - and also in the next phase - the SB also acts ensuring that no retaliatory or otherwise discriminatory behaviour is conducted against the reporting party.

Once the infringement has been ascertained, the Supervisory Board shall immediately notify the Employer and the Head of the HR Function so that the appropriate corrective actions and/or any disciplinary proceedings are taken.

The Company then adopts all the sanctions/disciplinary measures it deems appropriate against the reported party but also all the necessary measures to protect its confidentiality and the full exercise of the right of defence in disciplinary proceedings.

If, on the other hand, as a result of the checks performed, the Supervisory Board considers the report received to be unfounded, it shall file it, noting in the report the reasons for its being unfounded, but always guaranteeing the confidentiality of the identity of the person who made the report, protecting him/her from any retaliatory action.

However, in the event that the SB has found, in the conduct of the reporter, wilful misconduct or gross negligence, it will instead immediately notify the Employer so that the appropriateness of proceeding with the imposition of a disciplinary sanction on the same is assessed.

In fact, the Company condemns any violation, committed with intent or gross negligence, of the prohibition to make unfounded reports. In particular, reports must not and may not relate to facts that the reporting agent knows to be false and, in general, must not, under any circumstances, constitute a means of personal retaliation against other subjects. Moreover, slanderous, or defamatory reports, or reports made with the sole aim of damaging the reported person, as well as those made by intentionally abusing or exploiting the *Whistleblowing Policy*, may give rise to the criminal and civil liability of the reporter.

## 4. The sanctions system

Article 6 para. 2 lett. e) of the Decree provides that the Models shall introduce "*a disciplinary system capable of sanctioning failure to comply with the measures indicated in the model*".

The definition of an adequate disciplinary system aimed at sanctioning any violation of the Model (including all its Annexes, including, specifically, the Ethical Code and the Anti-Corruption Policy) by the Recipients is an essential element for the effectiveness of the Model and the effectiveness of the supervisory and control activities of the SB.

The application of the sanctions provided for in the Decree, in cases where the violation constitutes an offence, is independent of the outcome of any penal proceedings. Indeed, such proceedings, which are triggered by the violation of rules of conduct adopted by the Company in full autonomy, may take place irrespective of the initiation of any criminal proceedings for the same fact and of the outcome of the consequent judgement.

Failure to comply with the provisions contained in the Model in itself damages the relationship of trust existing with the Company and results in sanctions and disciplinary actions. And this in compliance with the rules of timeliness and immediacy of the objection (including disciplinary) and the imposition of sanctions.

In light of this, the Company has decided to adopt a specific disciplinary system, suitable for sanctioning conduct contrary to the rules and provisions of the Model.

Compliance with the principles and rules of conduct contained in the Ethical Code, the Anti-Corruption Policy and, more generally, in the Model, as well as in the procedures referred to therein, is binding in respect of employment relationships or appointments of any kind and nature, including those with directors, auditors, managers and collaborators.

Violations of the Model in any part, therefore, being detrimental to the relationship of trust established with the Company, may result in the opening of disciplinary proceedings against the parties concerned and the imposition of penalties commensurate with the type and seriousness of the infringement committed.

The following constitute violations of the Model and the related procedures, by way of example:

- a) actions or behaviours that do not comply with the law and the requirements contained in the Model or the omission of actions or behaviours prescribed in the performance of internal procedures and all the principles of conduct established in the Model and its Annexes, which involve even a situation of mere risk of committing one of the offences contemplated by the Decree.
- b) actions or conduct which do not comply with the principles contained in the Ethical Code and the Anti-Bribery Policy, or the omission of actions or conduct prescribed in the Ethical Code and the Anti-Bribery Policy.

Any retaliation or any direct or indirect behaviour of a retaliatory or discriminatory nature (such as, by way of example: dismissal, *mobbing*, unjustified transfer, harassment in the workplace, insults, retaliation, isolation, etc.) adopted by any Addressee of the Model against a person who has reported unlawful conduct, on account of the report itself, as indicated in Chapter 4 *above*, also constitutes a violation of the Model.

In fact, the Company condemns and censures all forms of retaliation and discrimination against persons who, in fulfilling the obligation prescribed by the Model, have reported, in order to protect the integrity of the Entity, the occurrence of unlawful conduct or in any case contrary to the principles that inspire the Company's entire action.

To this end, the Company shall adopt appropriate corrective or disciplinary measures (all those referred to *below*) proportionate to the seriousness of the damage or offence caused, against anyone who adopts such discriminatory attitudes (whether a Senior Person or a Subordinate).

The types of sanctions and the relative *procedure* of contestation of the violations differ according to the category of Recipients to which they refer.

### Employees other than managers

Failure to comply with the provisions of the Model, the Code of Ethics and the Anti-Corruption Policy constitutes a disciplinary offence for employees, as a breach of the obligations provided for in Article 2104, paragraph 2 of the Civil Code, and therefore, a breach of the primary obligations of the employment relationship.

The disciplinary measures that can be imposed against employees are those provided for in the National Collective Labour Agreement applied in the company, in compliance with the procedures provided for in art. 7 of the Workers' Statute (Law no. 300/1970) and any special and/or sector regulations that may be applicable, specifically:

- Verbal warning and written warning:

a worker who violates one of the internal procedures laid down in the Model and all its Annexes (by way of example: failure to comply with the prescribed procedures, failure to notify the Supervisory Board of the prescribed information, etc.) or in any case does not adopt a conduct that complies with it, in the case of minor conduct, shall receive a verbal warning, while in the case of more serious or repeated conduct he shall receive a written warning.

- Fine

the worker is subject to a fine in the event of repeated violations of the procedures or prescriptions of the Model or repeated behaviour that does not comply with the principles expressed therein.

- Suspension

the worker is subject to the sanction of suspension from work and remuneration in the event that, through his conduct that does not comply with the principles, procedures, and requirements of the Model, he exposes the integrity of company assets to a situation of objective danger or behaves at risk of offence (included in the catalogue of predicate offences).

- Dismissal

the worker incurs the sanction of dismissal with notice if he adopts, in the performance of his activities in an area at risk, a wilful conduct in serious violation of the provisions of the Model, aimed at committing an offence under Legislative Decree no. 231/2001.

the worker shall be dismissed without notice if he/she adopts, in the performance of his/her activities in an area at risk, a wilful conduct in serious violation of the provisions of the Model, such as to determine the concrete application against the Company of the sanctions provided for in the Decree and in any case such as to cause serious moral or material damage to the Company, or if he/she has already been suspended, during the same year, for the reasons referred to in the previous point.



Disciplinary measures - and any claim for damages - must be commensurate with the significance of the breached requirements, as well as the following elements:

- severity of the infringement.
- the intentional nature of the conduct or the degree of negligence, recklessness, or carelessness.
- hierarchical position and role held by the employee.
- further aggravating or mitigating circumstances.
- any sharing of responsibility with other parties.
- existence or otherwise of a disciplinary precedent.

The ascertainment of infringements and the consequent disciplinary procedure are the responsibility of the Employer, who is also responsible for the concrete application of the disciplinary measure, also as a result of what has been transmitted and suggested by the SB on the basis of the assessment of the reports referred to in Chapter 3 *above* .

The disciplinary system is subject to constant review and evaluation by the SB, which must therefore always be informed by the Employer of the outcome of the disciplinary measure and the sanction imposed.

### Managers

Compliance with the principles and provisions of the Model by Managers is an essential element of the management employment relationship, given the eminently fiduciary nature that characterises it.

Therefore, in the event of violations, since also in this case it is a matter of subordinate employment, the investigation and any eventual disciplinary proceedings will be initiated by the Employer in accordance with the provisions of the National Collective Labour Agreement for Managers and Industry and in compliance with the regulations in force.

### Directors

If the SB detects the existence of violations of the Model by one or more Directors of the Company, the SB must immediately notify the Board of Directors, which may apply against the interested party any measure provided for by current legislation, including, in the event of a particularly serious violation, propose to the Shareholders' Meeting the revocation of the mandate conferred.

### Collaborators, suppliers, and persons having business relations with the Company

Failure to comply with the principles set out in the Model (to the extent that it is applicable) and the Ethical Code by parties external to the Company, as breach of contractual obligations undertaken, will be sanctioned according to the specific clauses contained in the contract. These clauses may also entail, in the most serious cases, the termination of the contract, the revocation of the appointment as well as compensation for any damages suffered by the Company.

## 5. Diffusion and Training

For the purposes of effective implementation of the Model, it is essential to ensure adequate disclosure as well as an effective knowledge of the rules of conduct contained therein towards the Recipients of the Model but also, as far as possible, of all those who maintain business relations with Conceria Pasubio S.p.a.

The preparation of the information and training plan is managed by the SB in collaboration with the Company, and with the department managers from time to time involved in training activities and is part of the more general annual training/information programme for Company personnel. In particular, the SB evaluates and approves the training plan prepared and provided by the HR Manager or the Safety Manager, depending on the mutual areas of competence.

In any case, as regards the dissemination of the principles of the Ethical Code and the content of the Model in all its parts, the Company undertakes to disseminate them adequately and constantly. Specifically, at least the following communications must be guaranteed:

- first information, addressed to all Recipients, of the adoption of the Model and the Ethical Code and of the obligation to respect its content, together with the invitation, addressed to all Recipients, to consult the relative documents available on the company network.
- communication to all new employees - through the letter of employment - that the Company has adopted a Model and an Ethical Code to which they are required to comply with.
- information of the adoption of the Model and the Ethical Code as well as of the obligation to respect - as far as compatible in relation to their role - the principles contained therein to all external collaborators, consultants, suppliers, and customers.

During the first year of adoption of the Model, all Recipients must be provided with initial training on the contents of the Model. This activity must be repeated periodically in order to continue to raise the awareness of the Recipients, or whenever it is appropriate/necessary as a result of the updating of the Model, as a result of changes in the corporate organisation or in the reference regulations.

Furthermore, the training activities must be differentiated according to the role and responsibility of the Recipients and the circumstance that they operate in areas at risk, with a view to personalising the training courses and ensuring that they truly meet the needs of the individual resources and pursue the purposes of the Model. The training activity, therefore, is divided into a common module and several specific and targeted in-depth modules for each area considered at risk.

All the Recipients of the Model, in order to receive any clarification or further information on the subject, may always contact the SB, at the addresses indicated in Chapter 3.