

# Organisation, Management and Control Model

Pursuant to Legislative Decree 231/2001

Conceria Pasubio S.p.a.

(a) Approved with resolution of the Board of Directors on 20/12/2019

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

**General Part**



## 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. Administrative liability of legal persons

Legislative Decree no. 231/2001 (hereinafter "**Decree**") - issued on 8 June 2001 and entered into force on 4 July 2001 - introduced, for the first time, into our legal system a peculiar form of liability - defined by the Decree as "administrative" but essentially referring to the penal one - of legal persons, companies and associations even without legal character (hereinafter "**Entity (ies)**") for administrative offences arising from the commission of certain offences, in the interest or for the benefit of the Entities themselves, by:

- a) persons who hold positions of representation, administration or management of the Entity or one of its organisational units with financial and functional autonomy, as well as persons who exercise, also de facto, the management and control of the same (hereinafter "**Apical Subjects**").
- b) persons under the direction or supervision of one of the parties mentioned above (hereinafter "**Subjects**").

The liability of the Entity does not replace the criminal liability of the physical person who has materially committed the illegal act, but is in addition to it and, constituting an autonomous title of liability, it also remains in the event that the material author of the offence has not been identified or is not imputable.

The liability introduced by the Decree arises only in cases where the wrongful act is conducted "in the interest or for the benefit" of the Entity. It is therefore not necessary to show an asset advantage for the Institution since the existence of the interest of the Institution in the unlawful conduct conducted is enough.

On the other hand, the liability of the Entity ceases if the subject acts exclusively in its own interest or in the interest of third parties.

### 1.2. The Catalogue of Presumed Offences

The Entity's liability does not arise in relation to any type of offence, but can only arise as a result of the integration of those offences (hereinafter referred to as "**Presumable Offences**") expressly indicated in the Decree, since this is an exhaustive list.

The text of the Decree - which in its original formulation listed only a few offences - has over the years been the subject of multiple legislative interventions that have progressively expanded the catalogue of predicate offences, to currently include the following offences:

- **Art. 24:** undue collection of disbursements, fraud to the detriment of the State or a public body or for the achievement of public disbursements and computer fraud to the detriment of the State or a public body.
- **Art.24-bis:** computer crimes and unlawful processing of data.
- **Art.24-ter:** offences of organized crime.
- **Art. 25:** concussion, undue inducement to give or promise benefits and corruption.
- **Art.25-bis:** counterfeiting of coins, public credit cards, revenue stamps and instruments or recognition marks.
- **Article 25-bis.1:** crimes against industry and commerce.
- **Art.25-ter:** corporate offences.
- **Article 25-quater:** offences for the purpose of terrorism or the subversion of the democratic order.
- **Art.25-quater.1:** female genital organ mutilation practices.
- **Art. 25-quinquies:** crimes against the individual personality.
- **Art. 25-sexies:** market abuse.
- **Art.25-septies:** manslaughter or serious or profoundly serious injuries committed in violation of the regulations on the protection of health and safety at work.
- **Art. 25-octies:** receipt, laundering and use of money, goods, or benefits of illegal origin, as well as self-laundering.
- **Art.25-:** copyright infringement offences.
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- **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-quaterdecis:** fraud in sports competitions, abuse of gambling or betting and gambling exercised through prohibited devices.

For a broader discussion of the offences envisaged by the Decree, please refer to the individual *Special Part Protocols*, as well as to the *Regulatory Appendix - Annex 3*.

Law No. 146/2006, which ratifies and implements the Convention and the UN protocols against organized crime, has also extended the responsibility of the Entities to the so-called "transnational organized crime offences" (such as, for example, the crimes of criminal association, the trafficking of migrants and obstruction of justice, when they have the character of transnationality).

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

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

### 1.3. Sanctions

If 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 always applied in case of conviction of the Entity.

In assessing the sanction, the judge shall determine the number of quotas considering the seriousness of the offence, the degree of responsibility of the Entity as well as the activity carried out by it to eliminate or mitigate the consequences of the fact and to prevent the commission of further offences.

The amount of the single quota, on the other hand, is determined based on the economic and financial conditions of the Entity 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 carrying on business.
- 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) prohibition of advertising goods or services.

In the choice of the type of sanction and its duration, the judge shall use the same criteria as those indicated for the application of the financial penalty, also taking into account the suitability of the sanction to prevent offences of the type committed.

They are imposed, together with monetary sanctions, only in relation to offences for which they are expressly and specifically provided for in the Decree, if at least one of the following conditions is met:

- a) the Entity has previously committed a criminal offence.
- 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) made the profit available for confiscation.

If there are serious indications of the Entity's responsibility and there are elements such as to make it believe that there is a real danger of the possible commission of offences of the same nature, the deterrent measures may be applied, at the request of the Public Prosecutor, also 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 judgment**

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

#### 1.4. The organization, management, and control models

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

For the purposes of exoneration of responsibility and judgement on the same, it is necessary to distinguish according to the role assumed within the Entity by the author of the illegal conduct.

For offences committed by Senior Executives, the Entity is not liable if it proves 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, and their updating, is assigned 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 organization and management models (hereinafter "**Models/Model**"), and again for the purposes of the judgment of exemption from liability, the Decree provides that they must meet the following requirements:

- a) find 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 prevention of the crimes.
- c) find 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.

Furthermore, again in accordance with the provisions of the Decree, the Models must provide communication channels - suitable to guarantee, also through computerised means, the confidentiality of the identity of the reporter - through which the Recipients can make reports of illegal conduct relevant under the Decree or of violation of the Model of which they have become aware in reason of the functions performed.

Finally, in order to ensure the necessary effectiveness of the Models, it is necessary that periodic checks are carried out on them and that they are modified - if necessary - if there are significant violations of the provisions contained in them or changes in the company's business or organisation or changes in the reference legislation.

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

### 2.1. Conceria Pasubio Spa

Conceria Pasubio is a joint-stock company - single-member company (subject to the management and coordination of Puccini Investments S.a.r.l.), with registered office in Arzignano (Vi), via Seconda Strada n. 38, P. IVA 00165480245.

The activity of Conceria Pasubio S.p.a. (hereinafter referred to as "**Company**") has as its object the processing of raw hides and the related trade. In fact, for over 60 years 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 past 20 years, the choice has been to devote almost entirely to the *automotive sector*, in which it has become one of the biggest *competitors* at European level.

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

In addition, the Company - even if not predominantly and completely ancillary and instrumental to the achievement of the corporate purpose, and in any case with the express exclusion of any activity carried out towards the public - may conduct all commercial, financial, industrial, securities, real estate, grant sureties, endorsements, bonds and guarantees, also in favour of third parties, as well as assume, solely for the purpose of stable investment, and not for placement, both directly and indirectly, investments in Italian and foreign companies having a similar object, related or connected to its own.

The Company, in addition to its registered office, has 6- local units where it conducts raw leather processing and 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 Seconda Strada n. 65.
- local unit in Lonigo (Vi), via Casette n. 3.

The *Corporate governance* is traditional, with the Board of Directors (hereinafter "**Board of Directors**") and Board of Statutory Auditors and an Independent Auditor has been appointed.

The Board of Directors currently consists of seven directors.

The Board of Statutory Auditors is composed of three ordinary members and two alternate Statutory Auditors.

The accounting control has been assigned to an Auditing Firm.

The Company is 100% owned by Puccini Investments S.a.r.l., which in turn is 87.6% controlled by Puccini Holdings S.a.r.l. (in turn entirely owned by CVC Capital Partners VI Limited) and for the remaining 12.4% by companies referring to members of the Pretto family, as shown in the attached Group Chart. In addition, the Company holds 100% of the shares of Arzignanese S.r.l..

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

The Chief Executive Officer (hereinafter "**CEO**") is assisted in ordinary and extraordinary management by the company's Managements, identified in the company organisational chart (which is part of the documentation attached to this Model).

The organization of the single Managements is internally different, in relation to the specific activities conducted.

The structure of the operation of the Company's organization is as follows:

- a) system of proxies conferred to the CEO by resolution of the Board of Directors, in addition to the delegation of functions attributed in the field of health and safety at work and in environmental matters, the delegation of tax and customs matters, and the appointment as Company Employer.
- b) system of special powers of attorney attributed 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-Module Management Procedures and Models"), brought to the attention of all the Recipients of the Model and available.

## 2.2. General characteristics, purposes, and recipients of the Model

The Company has considered it not only appropriate, but also necessary, to proceed with the adoption of the Model, in compliance with the Decree, the relevant jurisprudential guidelines as well as the Guidelines issued by Confindustria. 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 organization of the internal corporate management, by means of effective procedures of conduct, and to raise the awareness of all the Recipients of the Model to respect the principles introduced by the same and the conduct prescribed by the system of internal procedures.

The Model addresses all those who work in any role for the Company, whatever the relationship - even temporary - that binds them to the same.

In particular, the Model addresses (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 aims:

- to structure a system of principles of conduct, procedures and internal control activities aimed at preventing the risk of committing the offences written in the Decree.
- raise the awareness of the Recipients of the Model, requiring transparent, correct, and compliant conduct following the values by which the Company is inspired in the performance of its activities and its corporate mission.
- strengthen in all the Recipients of the Model the awareness that any violation of the provisions of the Model constitutes an offence from which disciplinary sanctions may arise, as well as - if applicable - penal and administrative.

## 2.3. Model adoption process: guiding principles and method

To make the overall management of company processes and activities consistent with the provisions of the Decree, the activity of preparing this Model respects the following fundamental general principles:

- respect for the principle of segregation of duties and creation of an effective system of proxies and powers of attorney.

- attribution of powers and responsibilities consistent with the tasks performed and the positions held within the organisational structure.
- Procedural list of company activities assessed 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 of the task to the Supervisory Body to control the effective and correct functioning of the Model.
- implementation of the sanction system.

The drafting of the Model has been divided into several phases, which have led, through different degrees, to the elaboration of a system of organization, management and control suitable for preventing the commission of the offences referred to in the Decree.

In particular, preliminary analysis of the Company's business context was carried out in order to identify, in light of the actual activity carried out, the areas and, within the latter, the processes that are most exposed to the risk of committing one of the crimes provided for by the Decree.

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 taken into account.

For a reconstruction of this activity and its outcomes, see *Risk Mapping - Annex 2* and *Special Section A - Analysis of Risk Offences*.

## 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:

<p>General Part</p>	<ul style="list-style-type: none"> <li>▪ Regulations referred to in the Decree.</li> <li>▪ Structure, characteristics, and purpose of the Model of organisation, management, and control adopted by Conceria Pasubio S.p.a..</li> <li>▪ Supervisory Body.</li> <li>▪ Sanction system.</li> <li>▪ General principles of training and information about the Model.</li> </ul>
<p>Special Part</p>	<ul style="list-style-type: none"> <li>▪ Special Part A - Analysis of offences at risk.</li> <li>Special Part B - Offences against the Public Administration and Administration of Justice.</li> <li>Special Part C - Computer crimes and offences in violation of copyright.</li> <li>▪ Special Part D - Offences against industry and commerce.</li> <li>▪ Special Part E - Corporate Offences.</li> <li>▪ Special Part F - Offence of employment of third country nationals on whose stay is illegal, offences related to illegal immigration and illegal intermediation and labour exploitation.</li> <li>▪ Special Part G - Offences of manslaughter and personal injury serious and profoundly serious in violation of accident prevention regulations and the protection of hygiene and health at work.</li> <li>▪ Special Section H - Offences of Receiving Stolen Goods, Recycling, Use of money, goods, or other benefits of illicit origin, Self-laundering.</li> <li>▪ Special Part I - Environmental Offences.</li> <li>▪ Special Part L - Offences of Racism and Xenophobia.</li> </ul>
<p>Attachments</p>	<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</i> policy.</li> </ol>
<p>Company documentation</p>	<p>The documents referred to in the Model are integral parts of the same, in their latest version, as updated and approved by the Company.</p> <p>The company's organigramme, the powers delegated by the Board of Directors, special powers of attorney, the set of internal company procedures (see summary documents "Configuration Management" and "Integrated Management System-Module Management Procedures and Models"), including the Integrated Management System also for Safety and Environment are part of the Model.</p>

Note that the Special Part Protocols - classified by homogeneous categories of offence - have been prepared with reference only to the categories for which the risk is assessed as significant of commission of an offence within the structure of Conceria Pasubio S.p.a. (on this point see *Risk Mapping - Annex 2* and *Special Section A - Analysis of Risk Offences*).

For all the other crimes provided for by the Decree and not expressly contemplated within a specific Protocol of this Model, it was considered that compliance with the provisions of the Model and the general principles contained in the Ethical Code is sufficient to avoid the risk - in any case irrelevant - of their commission.

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

## 2.5. Adoption and updating of the Model

The Board of Directors of the Company have approved this Model.

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

The Supervisory Body (hereinafter referred to as the "SB", about which see Chapter 3 *below*) is assigned the task of proposing - with the necessary timeliness - updates concerning both operational aspects relating to opportunities for amendments or implementations, and regulatory aspects of adjustment resulting from legislative reforms of the Decree (possible inclusion of new predicate offences or amendments to them).

Any amendments or additions to this document are subject to approval by the Board of Directors. However, the AD is granted the power to proceed with modifications of a non-substantial nature directly.

## 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 held 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.

Regarding the internal diffusion of the Code of Ethics, please refer *in full* to Chapter 5, Diffusion, and Information of the Model.

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

### 3. Supervisory Body

#### 3.1. Characteristics and operation

Legislative Decree no. 231/2001 provides, as an indispensable prerequisite for the exoneration of the Entity's liability, that a body of the Company - the so-called Supervisory Body (already called "SB") - with autonomous powers of initiative and control, to which the task of supervising the functioning, effectiveness and observance of the Model, as well as its constant and timely updating, must be appointed.

To correctly and effectively conduct the role that the Decree assigns to it, it is the settled opinion in jurisprudence that the SB must meet the following subjective requirements:

- Autonomy and independence:
  - a) possession of autonomous powers of initiative and control.
  - b) absence of operational tasks.
  - c) being in a position of direct reporting to the Board of Directors.
  - d) economic autonomy, with a corresponding 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 taking into account 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 parties, they must be provided with the requirement of professionalism in legal matters or in administration and accounting or health and safety at work, both with proven experience in the matters referred to in the Decree.

The members of the SB must meet the requirements of integrity required by the nature of the assignment given to them and must be exempt, both at the time of appointment and for the entire

duration of the assignment - under penalty of ineligibility or immediate forfeiture - from the following causes of incompatibility which, otherwise existing, could undermine their autonomy, independence and freedom of action and judgment and in particular:

- hold interests in conflict, even if only potential, with the Company or with other functions or company assignments.
- be owners, directly or indirectly, of shares in the Company or in companies related to it.
- 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.
- be subject 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 SB is appointed by the Board of Directors by means of a resolution in which the remuneration - appropriate to the role performed - established for the performance of the office, as well as the annual *budget* made available to the body for the performance of its activities, must also be expressly indicated.

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 ended 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 the members ceases to exist, the SB shall be considered to have lapsed and the entire body shall be reappointed.

In particular:

- at any time, any member can renunciate with written notice to the Board of Directors.
- forfeiture occurs if one of the causes of ineligibility listed above occurs.

Other causes of forfeiture include:

- a) to have breached the obligation of confidentiality about news and information acquired in the performance of their duties, without prejudice to the information obligations expressly provided for.
- b) to be affected by a serious infirmity which makes 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

- d) 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 its duties as defined by the Model and referred to in the act.
- b) the adoption of obstructive behaviour towards the other components.
- c) absence from meetings for 12 consecutive months without good reason.
- d) loss of autonomy, independence, and professionalism requirements.
- 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 carried out 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 that the Board of Directors, after consulting the Board of Statutory Auditors and the other members of the SB, may suspend the member of the SB who is found to have undergone:

- 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

Following 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.

In particular, the following **control functions** are assigned to the SB:

- monitor the effective ability of the Model to prevent the commission of the offences envisaged by 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 SB conducts 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 on 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 carried out in areas at risk.
- verifying the efficacy and actual implementation of the rules of conduct and procedures relating to the Model.
- verify the effective performance of the company's internal control system, also by receiving the minutes of the controls or audits carried out by the parties delegated to it (e.g. RSPP and Quality Manager).
- verify, through follow-up activities, that any recommended corrective actions are taken by the competent 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, especially regarding those conducted for who works 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 regarding 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.

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, except for those subject to the obligation of secrecy by law.
- conduct inspections at all the Company's premises.
- relate with internal contacts through 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 individuals within the company.
- within the limits of the annual *budget* allocated, request advice from external parties, based on the specific skills required to conduct the tasks.

## Operation

The SB carries out 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 carried out and all documentation relating to the work must be filed and kept by the SB itself, in compliance with the integrity and confidentiality - pursuant to the *privacy* regulations (EU Regulation no. 2016/679-GDPR and Legislative Decree no. 196/2003 as amended and supplemented) - of all information received.

Also, with reference to the reports received (for which see par. 3.2 of this chapter, Information Flows), the use of the same should observe respect for confidentiality, preventing any retaliatory or discriminatory actions.

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.

## 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 attached to the Model (Information flows to the SB - Annex 4), has been prepared and which will be brought to the knowledge of the company departments concerned by the SB, indicating the information to be transmitted to the SB, the methods and frequency of transmission, and to which reference should be made.

In addition to this, all the Recipients of the Model have the obligation to immediately report any alleged crime and any suspected violation of the Model, the Ethical Code and the *Anti-Corruption Policy* or the set of internal procedures of which they become aware in the exercise of their functions.

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 executive procedures referred to in the set of procedures of the Company.
- principles of conduct and control supported in the Model.
- principles of conduct governed by 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 appear 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 Legislative Decree 231/2001, as amended by Law no. 179/2017, expressly requires, on the one hand, that channels be set up to allow Recipients to submit reports regarding illegal conduct within the Company and, on the other hand, that protective measures be taken 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, *Whistleblowing Policy* (to which reference is made), with the aim of providing the subject who wishes to make the aforementioned reports with clear operational indications about the object, content, recipients and methods of transmitting the reports, as well as information regarding the measures prepared by the law and by the Company itself to protect the reporter.

The reports in question may/must therefore be made, promptly, and in the manner described in the *Whistleblowing Policy*, in writing to the email address [odv@pasubio.com](mailto:odv@pasubio.com) or sent by ordinary mail to the address OdV - Conceria Pasubio S.p.a., via Seconda Strada n. 38 Arzignano (VI) or even verbally. Upon receipt of the report, the SB proceeds with a first assessment of the admissibility of the report, in the course of which the latter verifies whether:

- the alert has enough elements to verify it.
- 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 SB assesses the reports received promptly, carefully and impartially and when, upon initial analysis, they are found to be relevant, detailed and based on precise and consistent facts, it carries out - always respecting the confidentiality of the reporter - all further verifications and investigations necessary to ascertain the reported fact. In conducting its investigative activity - and in the next phase - the SB also acts ensuring that no retaliatory or otherwise discriminatory behaviour occurs 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.

In the event that, on the other hand, upon the outcome of the verifications carried out, the SB deems the report received unfounded, the same proceeds to archive it, acknowledging, in the minutes, the reasons for its unfounded nature, but always guaranteeing confidentiality regarding the identity of the person who made the report, protecting it from any retaliatory actions.

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. They 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.

Evidently, moreover, slanderous or defamatory reports or made for the sole purpose of damaging the reported as well as carried out by intentionally abusing or exploiting the *Whistleblowing Policy* may give rise to the penal and civil liability of the reporter.

#### 4. The sanctioning system

Article 6 paragraph 2, letter e), of the Decree provides that the Models introduce "*a disciplinary system suitable for sanctioning non-compliance 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, in particular, the Code of Ethics 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 activity 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. And indeed, this procedure, starting from the violation of rules of conduct adopted by the Company in full autonomy, may take place regardless of the establishment of a possible penal proceeding for the same fact and the outcome of the consequent judgment.

Failure to comply with the provisions contained in the Model 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.

Considering 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 and in the procedures that refer to it, is binding with regard to employment or assignment relationships of any type and nature, including those with directors, statutory 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 behaviours that do not comply with principles contained in the Ethical Code and the Anti-corruption *Policy*, or the omission of actions or behaviours prescribed in the Ethical Code and the Anti-corruption *Policy*.

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 will adopt the appropriate corrective or disciplinary measures (all those set out *below*) proportionate to the seriousness of the harm or offence caused to anyone who adopts similar discriminatory attitudes (whether a Senior Officer or Subordinate).

The types of sanctions and the related *procedure* for contesting violations differ according to the category of Recipients to which they refer.

### Subordinate Workers other than Executives

Failure to comply with the provisions of the Model, the Ethical Code and the Anti-Corruption *Policy* constitutes a disciplinary offence for employees, as a breach of the obligations provided for by art. 2104, paragraph 2 of the Italian Civil Code, and therefore, 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:<sup>¶</sup>

a worker who violates one of the internal procedures provided for by the Model and all its Annexes (by way of example: non-compliance with the prescribed procedures, failure to communicate the prescribed information to the SB, etc.) or in any case does not adopt a behaviour consistent with it, in the case of

minor conduct incurs in the provision of verbal reminder, in case, instead, of more serious or repeated conduct incurs in the written warning.

### Fine

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

### Suspension

the worker is subject to the sanction of suspension from work and remuneration if, his conduct 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 in the event that he adopts, in the performance of his activity in an area at risk, intentional behaviour in serious violation of the provisions of the Model, aimed at the completion of an offence referred to in Legislative Decree no. 231/2001.

The worker incurs the sanction of dismissal without notice, if he or she adopts, in the performance of his or her activity in an area at risk, wilful misconduct in a meaningful way.

violation of the provisions of the Model, such as to determine the effective application against the Company of the sanctions provided for in the Decree and in any case such as to cause a serious moral or material damage to the Company or in the case in which a suspension sanction has already been imposed against it during the same year for the reasons set out in the previous point.

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

- severity of the infringement.
- intentionality of the conduct or degree of negligence, recklessness, or incompetence.
- 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 determination of the infringements and the consequent disciplinary proceedings are the responsibility of the Employer, the latter also remaining responsible for the actual application of the disciplinary measure, including the outcome of what was transmitted and suggested by the SB based on the assessment of the reports referred to *above* in Chapter 3.

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 case of violations, since this is also a case of subordinate employment, the investigation and any disciplinary proceedings will be initiated by the Employer in accordance with the provisions of the National Collective Labour Agreement for Industry Executives and in compliance with current legislation.

## 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 far as concerns the diffusion of the principles of the Ethical Code of Conduct and the content of the Model in all its parts, the Company undertakes to an adequate and constant diffusion of the same.

In particular, the same must guarantee at least the following communications:

- 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 with which they must comply.
- information of the adoption of the Model and the Ethical Code as well as of the obligation to respect - insofar 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 receive a first instruction 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, is therefore, composed of a common module and several specific and targeted in-depth modules for each area considered at risk.

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