ORGANISATION AND MANAGEMENT MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

of

Panini S.r.l. – registered office in Maranello (Modena), Via Taruffi No. 70

LEGISLATIVE DECREE OF 8 JUNE 2001, NO. 231

1. THE ADMINISTRATIVE LIABILITY OF ENTITIES

1.1 Regulation of the administrative liability of legal entities, companies and associations pursuant to Legislative Decree No. 231/2001

Legislative Decree No. 231 of 8 June 2001, implementing only part of Delegated Law No. 300 of 29 September 2000, regulates – introducing it for the first time into the Italian legal system – the administrative liability of legal entities, companies and associations, including those without legal personality (the "Entities"). Prior to the introduction of this legislative framework, collective entities were not subject, under Italian law, to criminal-administrative liability, and only individuals (directors, managers, etc.) could be prosecuted for the possible commission of offences in the interest of the corporate organisation.

This legal framework was profoundly amended by Legislative Decree No. 231/2001, which marked Italy's compliance with a series of international conventions to which Italy had previously adhered. In particular, reference is made to the Convention on the Protection of the European Communities' Financial Interests of 26 July 1995, the EU Convention of 26 May 1997 on the fight against corruption, and the OECD Convention of 17 September 1997 on combating bribery of foreign public officials in international business transactions. By issuing Legislative Decree No. 231/2001, the Italian legislature fulfilled the obligations arising from such international and European instruments, which require the establishment of liability frameworks for legal entities and a corresponding system of sanctions aimed at combating corporate crime in a more direct and effective manner.

Legislative Decree No. 231/2001 therefore forms part of a broader context of implementation of international obligations and – in line with the legal systems of many European countries – establishes the liability of the societas, regarded as "an autonomous centre of interests and legal relationships, a point of reference for rules of various kinds, and the source of decisions and activities of persons acting in the name, on behalf of or otherwise in the interest of the entity" (as stated in the report accompanying the Preliminary Draft Reform of the Criminal Code prepared by the Commission chaired by Professor Carlo Federico Grosso).

The establishment of the administrative liability of companies derives from the empirical observation that unlawful conduct committed within a business enterprise often does not result from a private initiative by an individual, but rather falls within the scope of a widespread corporate policy and follows from decisions taken by the entity's senior management.

This is a sui generis form of “administrative” liability because, although it entails administrative sanctions, it arises from the commission of an offence and is subject to the safeguards applicable to criminal proceedings.

In particular, Legislative Decree No. 231/2001 provides for a comprehensive system of sanctions, beginning with monetary penalties and supplemented, depending on the seriousness of the offence committed, by disqualifying sanctions such as the suspension or revocation of authorisations and licences, prohibition from contracting with public authorities, exclusion from or revocation of financing and grants, prohibition on advertising goods or services, and ultimately the most severe disqualifying sanctions, which may even result in a prohibition on carrying out the business activity itself.

The administrative sanction against the company may, however, be imposed exclusively by a criminal court, within the framework of the safeguards established by criminal law and only where all the objective and subjective requirements laid down by the legislature are met. In particular, one of the offences for which the administrative liability of the entity is expressly provided for must have been committed, and such offence must have been committed in the interest or for the benefit of the company by persons in senior management positions or by persons subject to their direction and supervision.

The liability of entities also extends to offences committed abroad, provided that the State in which the offence was committed does not itself prosecute the matter and that the specific conditions established by Legislative Decree No. 231/2001 are met. This entails, for the purposes of this Organisation and Management Model, the need to take into account any transactions that Panini S.r.l. (hereinafter also simply “Panini”) may carry out abroad. This aspect will be examined particularly carefully in the second part of this document, when each of the individual offences for which the legislature has established the liability of collective entities is addressed.

With regard to the requirements necessary for the administrative liability of a legal entity to arise together with the criminal liability of the individuals concerned, it should first be emphasised that the offence must have been committed in the interest or for the benefit of the entity. An exclusive benefit accruing to the perpetrator (or to a third party unrelated to the entity) does not give rise to any liability on the part of the entity, since in such circumstances the legal entity is manifestly unrelated to the offence.

As regards the persons concerned, Article 5 of Legislative Decree No. 231/2001 provides for the liability of the entity where the offence is committed:

a) “by persons holding functions of representation, administration or management of the entity or of an organisational unit thereof having financial and functional autonomy, as well as by persons who, even de facto, manage and control the entity” (so-called “senior management personnel” or “apical subjects”);

b) “by persons subject to the management or supervision of one of the persons referred to in point (a)” (so-called “subordinates”).

The persons referred to in the provision are therefore those who perform functions relating to the management and control of the entity or of its organisational units. The legislature has consequently adopted a “functional” rather than a “nominal” approach, focusing on the actual activities performed rather than on the formal title held.

From this perspective, particular attention should also be drawn to the fact that persons performing representation, administration or management functions within an "organisational unit having financial and functional autonomy" are equated with persons holding the same functions within the entity. This is, as is well known, an increasingly widespread structure in today's economic environment, particularly in companies organised across several sites, and requires particular attention in order to develop an organisational model that proves genuinely effective in practice. As will be examined in the special sections devoted to individual offences, it is necessary to ensure that each professional role potentially exposed to the risk of offences being committed within Panini is monitored through appropriate procedures, so as to ensure adequate control and effective supervision over those activities that are "sensitive" from the perspective of the potential commission of offences covered by Legislative Decree No. 231/2001.

As regards the persons concerned, it has already been noted that Article 5(b) refers to "persons subject to the management or supervision of the persons holding senior management positions". In this respect, the Ministerial Report states that "the choice of limiting the liability of the societas solely to cases where the offence is committed by senior management would not have been plausible from a logical and criminal-policy perspective". On the one hand, excluding the entity's liability for offences committed, in its interest or for its benefit, by an employee would have been unreasonable; on the other hand, modern economic organisations are characterised by a clear fragmentation of operational and decision-making processes, whereby even individual employees increasingly play an important role in the entity's decisions and activities.

It follows that a detailed analysis of the individual procedures through which Panini's activities are carried out is necessary, so as to establish effective control measures capable of preventing the commission of offences or, in any event, ensuring their prompt identification and reporting by the internal supervisory and control bodies. As stated above, these matters will be addressed in Part Two of this Model.

For the entity's liability to be established, in addition to the requirements referred to above, which establish an objective link between the offence committed and the entity's activities, the legislature also requires the assessment of a subjective requirement consisting of the entity's culpability in relation to the offence committed. This subjective requirement is identified with organisational fault, understood as a failure to comply with adequate standards of diligence voluntarily adopted by the entity itself and intended to prevent the specific risk of an offence. Such standards of diligence constitute the central substance of this Organisation and Management Model.

Before examining in detail the activities carried out by Panini, in order to assess which of them may expose the entity to the possible commission of offences covered by Legislative Decree No. 231/2001, it is appropriate to complete the general framework concerning the scope of application of this legislation.

Originally applicable to offences against the Public Administration (Article 25 of Legislative Decree No. 231/2001) and against the property of the Public Administration (Article 24), the liability of entities was subsequently extended – through legislative measures enacted after Legislative Decree No. 231/2001 – to offences relating to counterfeiting of currency, public credit instruments and revenue stamps (Article 25-bis), corporate offences (Article 25-ter), offences committed for purposes of terrorism or subversion of the democratic order (Article 25-quater), practices involving female genital mutilation (Article 25-quater.1), offences against individual personality (Article 25-quinquies), and market-abuse offences (insider trading and market manipulation, Article 25-sexies).

The legislature's intention to include within Legislative Decree No. 231/2001 all crimes that an entity may commit is evident from the continuous expansion of the list of "predicate offences". In fact, in 2007, offences consisting of negligent bodily injury and manslaughter committed in violation of occupational health and safety legislation were introduced (Article 25-septies), subsequently amended by Legislative Decree No. 81/2008. This was followed by the introduction of receiving stolen goods, money laundering and use of money, goods or assets of illicit origin (Article 25-octies); computer crimes and unlawful use of data (Article 24-bis); organised crime offences (Article 24-ter); offences against industry and commerce (Article 25-bis.1); copyright infringement offences (Article 25-novies); inducing a person not to make statements or to make false statements to the judicial authorities (Article 25-decies); environmental offences (Article 25-undecies); and, most recently, the offence of employing third-country nationals whose residence permits are irregular (Article 25-duodecies). In addition to the provisions of the Decree itself, other legislative sources have contributed to extending the aforementioned list of offences, including Law No. 146 of 16 March 2006 concerning transnational criminal offences.

More specifically, the administrative liability of entities is provided for in relation to the commission of the following offences:

1) Offences against the Public Administration (Articles 24 and 25 of the Decree)

- misappropriation to the detriment of the State or another public body (Article 316-bis of the Criminal Code);
- undue receipt of public funds to the detriment of the State or another public body (Article 316-ter of the Criminal Code);
- fraud to the detriment of the State or a public body (Article 640, paragraph 2, No. 1 of the Criminal Code);
- aggravated fraud for the purpose of obtaining public funds (Article 640-bis of the Criminal Code);
- computer fraud to the detriment of the State or another public body (Article 640-ter of the Criminal Code);
- bribery (Articles 318, 319, 320 and 322-bis of the Criminal Code);
- incitement to bribery (Article 322 of the Criminal Code);
- bribery in judicial proceedings (Article 319-ter of the Criminal Code);
- undue inducement to give or promise benefits (Article 319-quater of the Criminal Code);
- extortion by a public official (Article 317 of the Criminal Code).

It should be noted that, following the enactment of Law No. 190 of 6 November 2012, among other amendments and additions, the following provisions are relevant to the preparation of this Model:

- Article 317 of the Criminal Code ("Extortion") was replaced by the following provision: "A public official who, abusing his position or powers, compels another person to improperly give or promise to himself or to a third party money or other benefits shall be punished by imprisonment for a term of six to twelve years";
- Article 318 of the Criminal Code ("Bribery for the performance of official functions") was replaced by the following provision: "A public official who, for the performance of his

functions or powers, improperly receives, for himself or for a third party, money or other benefits, or accepts a promise thereof, shall be punished by imprisonment for a term of one to five years";

- in Article 319 of the Criminal Code, the words "from two to five" were replaced by the words "from four to eight";
- in Article 319-ter, paragraph 1, of the Criminal Code, the words "from three to eight" were replaced by the words "from four to ten";
- in Article 319-ter, paragraph 2, of the Criminal Code, the word "four" was replaced by the word "five";
- after Article 319-ter of the Criminal Code, Article 319-quater ("Undue inducement to give or promise benefits") was introduced, providing that, "unless the conduct constitutes a more serious offence, a public official or a person entrusted with a public service who, abusing his position or powers, induces another person to improperly give or promise money or other benefits to himself or to a third party shall be punished by imprisonment for a term of three to eight years. In the cases provided for in the first paragraph, a person who gives or promises money or other benefits shall be punished by imprisonment for up to three years";
- Article 320 of the Criminal Code was amended so that the provisions of Articles 318 and 319 also apply to persons entrusted with a public service;
- Article 322, paragraph 1, of the Criminal Code was amended by replacing the words referring to the public employee and the performance of an official act with the wording "for the performance of his functions or powers";
- Article 322, paragraph 3, of the Criminal Code was amended to provide that the penalty referred to in paragraph 1 applies to the public official or person entrusted with a public service who solicits a promise or payment of money or other benefits for the performance of his functions or powers;
- in Article 322-bis, paragraph 2, of the Criminal Code, after the words "the provisions of Articles" the words "319-quater, paragraph 2" were inserted;
- in the heading of Article 322-bis of the Criminal Code, after the word "extortion" the words "undue inducement to give or promise benefits" were inserted.

2) Offences involving counterfeiting of currency, public credit instruments and revenue stamps (Article 25-bis of the Decree)

- counterfeiting currency, spending and introducing into the State counterfeit currency, following prior agreement (Article 453 of the Criminal Code);
- alteration of currency (Article 454 of the Criminal Code);
- counterfeiting watermarked paper used to manufacture public credit instruments or revenue stamps (Article 460 of the Criminal Code);
- manufacture or possession of watermarks or instruments intended for counterfeiting currency, revenue stamps or watermarked paper (Article 461 of the Criminal Code);
- spending and introducing into the State counterfeit currency without prior agreement (Article 455 of the Criminal Code);

- spending counterfeit currency received in good faith (Article 457 of the Criminal Code);
- use of counterfeit or altered revenue stamps (Article 464, paragraphs 1 and 2, of the Criminal Code);
- counterfeiting of revenue stamps, introduction into the State, purchase, possession or circulation of counterfeit revenue stamps (Article 459 of the Criminal Code);
- counterfeiting, alteration or use of trademarks or distinctive signs, or patents, models and designs (Article 473 of the Criminal Code);
- introduction into the State and trade in products bearing counterfeit signs (Article 474 of the Criminal Code).

3) Organised crime offences (Article 24-ter of the Decree)

Law No. 94/2009 of 15 July 2009, Article 2, paragraph 29, introduced the liability of entities for the following criminal offences:

- criminal association (Article 416 of the Criminal Code);
- mafia-type associations, including foreign associations (Article 416-bis of the Criminal Code);
- political-mafia electoral exchange (Article 416-ter of the Criminal Code);
- kidnapping for the purpose of robbery or extortion (Article 630 of the Criminal Code);
- association aimed at illicit trafficking in narcotic drugs or psychotropic substances (Article 74 of Presidential Decree No. 309/1990);
- illegal manufacture, introduction into the State, sale, transfer, possession and carrying in a public or publicly accessible place of weapons of war or war-type weapons or parts thereof, explosives, unlicensed weapons and ordinary firearms (Article 407, paragraph 2, letter a), No. 5, of the Code of Criminal Procedure).

4) Corporate offences (Article 25-ter of the Decree)

- false corporate communications (Article 2621 of the Civil Code);
- false corporate communications to the detriment of shareholders or creditors (Article 2622, paragraphs 1 and 3, of the Civil Code);
- obstruction of control (Article 2625, paragraph 2, of the Civil Code);
- fictitious formation of capital (Article 2632 of the Civil Code);
- unlawful return of capital contributions (Article 2626 of the Civil Code);
- unlawful distribution of profits and reserves (Article 2627 of the Civil Code);
- unlawful transactions involving shares or quotas of the company or its controlling company (Article 2628 of the Civil Code);
- transactions to the detriment of creditors (Article 2629 of the Civil Code);
- unlawful distribution of corporate assets by liquidators (Article 2633 of the Civil Code);
- private-sector bribery (Article 2635 of the Civil Code);

- unlawful influence over shareholders' meetings (Article 2636 of the Civil Code);
- market manipulation (Article 2637 of the Civil Code);
- failure to disclose a conflict of interest (Article 2629-bis of the Civil Code);
- obstruction of the exercise of the functions of public supervisory authorities (Article 2638, paragraphs 1 and 2, of the Civil Code).

Article 25-ter of Legislative Decree No. 231/2001 – in letters (d) and (e) – provides for the entity's liability for the offence of false prospectuses, while continuing to refer to the misdemeanour under Article 2623, paragraph 1, of the Civil Code (Article 25-ter, letter (d)) and to the felony under Article 2623, paragraph 2, of the Civil Code (Article 25-ter, letter (e)), both of which have since been repealed. As a precautionary measure, while noting that the only judicial decision on the matter (the judgment of the Milan Preliminary Investigations Judge, Dr D'Arcangelo, of 3 November 2010, issued in criminal proceedings No. 12468/10 R.G. GIP) adopts a different interpretation more consistent with the Constitution, it is considered appropriate to supplement the Model as if such reference were not merely formal – i.e. referring to the offence of false prospectuses as originally contemplated by Article 2623 of the Civil Code – but instead constituted a substantive reference also covering subsequent amendments to the sanctioning framework applicable to the relevant offence, now governed differently by Article 173-bis of the Consolidated Financial Act (Legislative Decree No. 58/1998).

Furthermore, following the legislative amendments introduced by Legislative Decree No. 39/2010:

- Article 2624 of the Civil Code, concerning false statements in the reports or communications of auditing companies, was repealed;
- Article 2625, paragraph 1, of the Civil Code was amended as follows: a) the words "or auditing" were deleted; b) the words "to other corporate bodies or auditing companies" were replaced by the words "or to other corporate bodies";
- the new offences of "false statements in the reports or communications of persons responsible for statutory auditing", under Article 27 of Legislative Decree No. 39/2010, and "obstruction of control", under Article 29 of the same decree, were introduced.

Given the preventive purpose of this Model with regard to criminal offences, as a precautionary measure – and for the same reasons stated above concerning the repealed Article 2623 of the Civil Code – it is appropriate to supplement the Model as if the administrative liability of the entity also existed in relation to the commission of the new offences and the offences as currently reformulated.

Furthermore, as a result of the aforementioned Law No. 190 of 6 November 2012, Article 2635 of the Civil Code was replaced by the following provision:

Article 2635 ("Private-sector bribery") – Unless the conduct constitutes a more serious offence, directors, general managers, managers responsible for preparing corporate accounting documents, statutory auditors and liquidators who, following the giving or promise of money or other benefits to themselves or others, perform or omit acts in breach of the duties inherent in their office or duties of loyalty, thereby causing harm to the company, shall be punished by imprisonment for a term of one to three years. The penalty of imprisonment for up to one year and six months shall apply if the offence is committed by a person subject to the direction or supervision of one of the persons referred to in the first paragraph. Any person who gives or promises money or other benefits to the persons referred to in the first and second paragraphs shall be punished by the penalties provided therein. The penalties established in the preceding paragraphs shall be doubled where the company has securities listed on regulated markets in Italy or other European Union Member States, or securities widely distributed among the public to a significant extent pursuant to Article 116 of the Consolidated Law on Financial Intermediation, Legislative Decree No. 58 of 24 February 1998, as subsequently amended. Proceedings shall be initiated upon complaint by the injured party, unless the conduct results in a distortion of competition in the acquisition of goods or services.

5) Offences committed for purposes of terrorism or subversion of the democratic order (Article 25-quater of the Decree)

- associations with the purpose of terrorism, including international terrorism, or subversion of the democratic order (Article 270-bis of the Criminal Code);
- aiding and abetting members of terrorist associations (Article 270-ter of the Criminal Code);
- attacks for terrorist or subversive purposes (Article 280 of the Criminal Code);
- acts of terrorism involving lethal or explosive devices (Article 280-bis of the Criminal Code);
- kidnapping for terrorist or subversive purposes (Article 289-bis of the Criminal Code);
- incitement to commit offences against the personality of the State (Article 302 of the Criminal Code);
- political conspiracy by agreement and political conspiracy by association (Articles 304 and 305 of the Criminal Code);
- armed gangs: formation, participation in and assistance to participants in conspiracies or armed gangs (Articles 306 and 307 of the Criminal Code);
- terrorist offences provided for by special laws;
- offences other than those specified in the Criminal Code and special laws, committed in violation of Article 2 of the International Convention for the Suppression of the Financing of Terrorism, adopted in New York on 9 December 1999.

6) Practices involving female genital mutilation (Article 25-quater.1 of the Decree)

- practices involving female genital mutilation (Article 583-bis of the Criminal Code).

7) Offences against individual personality (Article 25-quinquies of the Decree)

- reduction to or maintenance in slavery (Article 600 of the Criminal Code);
- trafficking and trade in slaves (Article 601 of the Criminal Code);
- alienation and purchase of slaves (Article 602 of the Criminal Code);
- child prostitution (Article 600-bis, paragraphs 1 and 2, of the Criminal Code);
- child pornography (Article 600-ter of the Criminal Code);

- tourist initiatives aimed at exploiting child prostitution (Article 600-quinquies of the Criminal Code);
- possession of pornographic material (Article 600-quater of the Criminal Code), including virtual pornography (Article 600-quater.1 of the Criminal Code).

8) Market-abuse offences (Article 25-sexies of the Decree)

- insider dealing (Article 184 of Legislative Decree No. 58 of 24 February 1998);
- market manipulation (Article 185 of Legislative Decree No. 58 of 24 February 1998).

9) "Transnational" offences (Article 24-ter of Legislative Decree No. 231/2001, introduced by Law No. 94/2009 of 15 July 2009, Article 2, paragraph 29, and Article 10 of Law No. 146/2006)

Article 10 of Law No. 146 of 16 March 2006 provides for the administrative liability of an entity, limited to cases in which the offences are "transnational" in nature, within the meaning of Article 3 of the same law (see, in greater detail, paragraph 2.10.6), for the following offences:

- criminal association (Article 416 of the Criminal Code);
- mafia-type association, including foreign associations (Article 416-bis of the Criminal Code);
- association aimed at smuggling foreign manufactured tobacco products (Article 291-quater of Presidential Decree No. 43 of 23 January 1973);
- association aimed at illicit trafficking in narcotic drugs (Article 74 of Presidential Decree No. 309 of 9 October 1990);
- money laundering (Article 648-bis of the Criminal Code);
- use of money, goods or benefits of illicit origin (Article 648-ter of the Criminal Code);
- acts aimed at procuring the illegal entry of a foreign national into the national territory and facilitating his or her stay for the purpose of obtaining an unjust profit (Article 12, paragraphs 3, 3-bis, 3-ter and 5, of Legislative Decree No. 286 of 25 July 1998);
- inducing a person not to make statements or to make false statements to the judicial authorities (Article 377-bis of the Criminal Code);
- aiding and abetting a person (Article 378 of the Criminal Code).

10) Negligent manslaughter and personal injury committed in violation of occupational health and safety legislation (Article 25-septies of the Decree)

Article 300 of Legislative Decree No. 81/2008, amending the provisions previously introduced by Law No. 123/2007, inserted Article 25-septies into Legislative Decree No. 231/2001. This provision establishes the application of sanctions against an entity for the commission of the following offences:

- negligent manslaughter (Article 589 of the Criminal Code);
- negligent personal injury (Article 590, paragraph 3, of the Criminal Code),

where both offences are committed in violation of occupational accident-prevention legislation and regulations concerning the protection of health and safety at work.

11) Receiving stolen goods, money laundering and use of money, goods or benefits of illicit origin (Article 25-octies of the Decree)

Article 63, paragraph 3, of Legislative Decree No. 231/2007 introduced the following offences as predicate offences for the administrative liability of entities:

- receiving stolen goods (Article 648 of the Criminal Code);
- money laundering (Article 648-bis of the Criminal Code);
- use of money, goods or benefits of illicit origin (Article 648-ter of the Criminal Code);

thereby amending Legislative Decree No. 231/2001 through the introduction of Article 25-octies. The offences of money laundering and use of money, goods or benefits of illicit origin had previously been relevant for the purposes of Legislative Decree No. 231/2001 only where committed on a transnational basis (pursuant to Article 10 of Law No. 146/2006, referred to above under point 9).

12) Cybercrime and unlawful processing of data (Article 24-bis of the Decree)

Law No. 48 of 18 March 2008, ratifying the Council of Europe Convention on Cybercrime, expanded the list of offences capable of giving rise to the entity's liability by introducing Article 24-bis of Legislative Decree No. 231/2001, covering the following offences:

- falsification of computer documents having public status or evidentiary value (Article 491-bis of the Criminal Code);
- unauthorised access to a computer or telecommunications system (Article 615-ter of the Criminal Code);
- unlawful possession and dissemination of access codes to computer or telecommunications systems (Article 615-quater of the Criminal Code);
- dissemination of equipment, devices or computer programs intended to damage or interrupt a computer or telecommunications system (Article 615-quinquies of the Criminal Code);
- unlawful interception, obstruction or interruption of computer or telecommunications communications (Article 617-quater of the Criminal Code);
- installation of equipment designed to intercept, obstruct or interrupt computer or telecommunications communications (Article 617-quinquies of the Criminal Code);
- damage to computer information, data and programs (Article 635-bis of the Criminal Code);
- damage to computer information, data and programs used by the State or another public body or otherwise of public utility (Article 635-ter of the Criminal Code);
- damage to computer or telecommunications systems (Article 635-quater of the Criminal Code);
- damage to computer or telecommunications systems of public utility (Article 635-quinquies of the Criminal Code);

- computer fraud by a provider of electronic signature certification services (Article 640-quinquies of the Criminal Code).

13) Offences against industry and commerce (Article 25-bis.1 of the Decree)

The legislature expanded the list of predicate offences to include the following through Article 15, paragraph 7, of Law No. 99/2009 of 23 July 2009:

- interference with the freedom of industry or commerce (Article 513 of the Criminal Code);
- fraud in the exercise of commerce (Article 515 of the Criminal Code);
- sale of non-genuine foodstuffs as genuine products (Article 516 of the Criminal Code);
- sale of industrial products bearing misleading signs (Article 517 of the Criminal Code);
- manufacture and trade of goods produced through unlawful appropriation of industrial property rights (Article 517-ter of the Criminal Code);
- unlawful counterfeiting of geographical indications or designations of origin of agri-food products (Article 517-quater of the Criminal Code);
- unlawful competition through threats or violence (Article 513-bis of the Criminal Code);
- fraud against national industries (Article 514 of the Criminal Code).

14) Copyright infringement offences (Article 25-novies of the Decree)

The offences introduced by the aforementioned Law No. 99/2009 of 23 July 2009 – Article 15, paragraph 7 – include:

- unauthorised duplication, manufacture, sale, rental or introduction into the national territory of computer programs, database contents and intellectual works (music, books, publications, etc.) (Articles 171, 171-bis, 171-ter, 171-septies and 171-octies of Law No. 633/1941).

15) Inducing a person not to make statements or to make false statements to the judicial authorities (Article 25-novies, more properly Article 25-decies, of the Decree)

This offence was introduced by Article 4 of Law No. 116/2009:

- inducing a person not to make statements or to make false statements to the judicial authorities (Article 377-bis of the Criminal Code).

16) Environmental offences (Article 25-undecies of the Decree)

Introduced by Legislative Decree No. 121/2011 of 7 July 2011, and in particular:

- killing, destruction, capture, taking or possession of specimens of protected wild animal or plant species (Article 727-bis of the Criminal Code);
- destruction or deterioration of habitats within a protected site (Article 733-bis of the Criminal Code);
- unauthorised waste management activities (Article 256 of Legislative Decree No. 152/2006);
- remediation of contaminated sites (Article 257 of Legislative Decree No. 152/2006);

- violation of communication obligations and obligations relating to the maintenance of mandatory registers and waste identification forms (Article 258 of Legislative Decree No. 152/2006);
- illegal waste trafficking (Article 259 of Legislative Decree No. 152/2006);
- organised activities aimed at illegal waste trafficking (Article 260 of Legislative Decree No. 152/2006);
- waste traceability control information system (Article 260-bis of Legislative Decree No. 152/2006);
- sanctions (Article 279 of Legislative Decree No. 152/2006);
- import, export and re-export of endangered animal and plant species (Article 1 of Law No. 150/1992);
- falsification or alteration of certificates, licences, import notifications, declarations or communications of information for the purpose of obtaining a licence or certificate, or use of false or altered certificates or licences (Article 3-bis of Law No. 150/1992);
- cessation and reduction of the use of substances harmful to the ozone layer (Article 3, paragraph 6, of Law No. 549/1993);
- intentional pollution from ships (Article 8 of Legislative Decree No. 202/2007);
- negligent pollution from ships (Article 9 of Legislative Decree No. 202/2007).

17) Employment of third-country nationals whose residence permits are irregular (Article 25-duodecies of the Decree)

The legislation in question, which contributed to expanding the list of predicate offences, was introduced by Article 2 of Legislative Decree No. 109/2012. It provides that, in relation to the commission of the offence referred to in Article 22, paragraph 12-bis, of Legislative Decree No. 286 of 25 July 1998, an entity that employs foreign workers who do not hold a residence permit, or whose permit has expired and for which an application for renewal has not been submitted within the statutory time limit, or whose permit has been revoked or cancelled, is subject to a monetary sanction ranging from 100 to 200 units, up to a maximum amount of EUR 150,000.

1.2 Exemption from liability: the Organisation and Management Model

Articles 6 and 7 of Legislative Decree No. 231/2001 provide for exemption from administrative liability where the entity has adopted and effectively implemented effective Organisation and Management Models capable of preventing offences of the type subsequently committed.

These provisions of the legislative decree establish different rules and evidentiary regimes depending on whether the offences are committed by persons in senior management positions or by subordinate persons.

By introducing a reversal of the burden of proof, Article 6 provides that the entity shall not be liable for offences committed by senior management personnel where it can demonstrate that:

a) before the offence was committed, the management body had adopted and effectively implemented Organisation and Management Models capable of preventing offences of the type subsequently committed;

b) responsibility for supervising the functioning of and compliance with the Models, as well as for ensuring their updating, had been entrusted to an internal body vested with autonomous powers of initiative and control;

c) the individuals committed the offence by fraudulently circumventing the Organisation and Management Models;

d) the body referred to in point (b) had not failed to exercise, or inadequately exercised, its supervisory functions.

Under Article 7, in the case of offences committed by persons subject to the direction of others, the entity is liable only if the commission of the offence was made possible by non-compliance with the obligations of management or supervision. In this case, the burden of proof lies with the prosecution. In any event, such obligations are presumed to have been fulfilled if, before the offence was committed, the entity had adopted and effectively implemented an Organisation, Management and Control Model capable of preventing offences of the type subsequently committed.

As can be seen, the adoption of a Model (or several Models) constitutes an opportunity granted by the legislature to the entity, aimed at potentially excluding its liability.

However, the mere adoption of the Model by the management body – which must be identified as the body vested with management powers, namely, in the present case, the Board of Directors – does not appear sufficient to exempt the entity from liability, since the Model must in fact be effective and effectively implemented.

With regard to the effectiveness of the Model, Article 6, paragraph 2, of Legislative Decree No. 231/2001 provides that the Model must satisfy the following requirements:

a) identify the activities within which offences may be committed (the so-called "mapping of risk activities");

b) provide for specific protocols designed to plan the formation and implementation of the entity's decisions in relation to the offences to be prevented;

c) identify procedures for managing financial resources that are suitable for preventing the commission of offences;

d) provide for information obligations towards the body responsible for supervising the functioning of and compliance with the Models.

The effectiveness of the Model in practice is instead linked to its effective implementation, which, pursuant to Article 7, paragraph 4, of Legislative Decree No. 231/2001, requires:

a) periodic verification and, where necessary, amendment of the Model when significant violations of its provisions are discovered or when changes occur in the organisation or activities of the entity (updating of the Model);

b) a disciplinary system capable of sanctioning non-compliance with the measures set out in the Model.

Pursuant to Article 6, paragraph 3, of the Decree, Models may be adopted "on the basis of codes of conduct prepared by representative trade associations of the entities and communicated to the Ministry of Justice, which, in consultation with the competent Ministries, may formulate, within thirty days, observations regarding the suitability of the Models to prevent offences".

It should nevertheless be emphasised that the guidance contained in the guidelines prepared by trade associations represents only a reference framework and does not exhaust the safeguards that individual entities may adopt within their autonomy when selecting the organisational models they consider most appropriate.

In any event, with regard to companies operating in the production and sale of information technology and technological products and services, Confindustria, in implementation of this legislative provision, prepared Guidelines for the adoption of organisational models concerning administrative liability. These Guidelines were approved by the Ministry of Justice by Ministerial Decree of 4 December 2003. Subsequently, on 24 May 2004, Confindustria published an update to the aforementioned Guidelines, which were definitively approved by the Ministry in June 2004. The Guidelines were subsequently updated on 31 March 2008.

In preparing its Organisation and Management Model, Panini expressly took into account, in addition to the provisions of Legislative Decree No. 231/2001 and subsequent amendments, the Ministerial Report accompanying the legislation and Ministerial Decree No. 201 of 26 June 2003, containing the implementing regulation of Legislative Decree No. 231/2001, as well as the Confindustria Guidelines updated as at 31 March 2008, which will also be referred to throughout this Model.

PART TWO

DEFINITIONS

- **"CCNL"**: the National Collective Labour Agreement currently in force and applied by Panini;
- **"Code of Ethics"**: the company's code of conduct and ethics setting out the ethical principles adopted by Panini;
- **"Consultants"**: persons acting in the name and/or on behalf of Panini on the basis of a mandate or other form of collaboration;
- **"Employees"**: all employees of Panini, including managers and coordinated collaborators;
- **"Legislative Decree No. 231/2001"**: Legislative Decree No. 231 of 8 June 2001, as subsequently amended;
- **"Models" or "Model"**: the Organisation, Management and Control Model provided for by Legislative Decree No. 231/2001;
- **"Sensitive Transaction"**: a transaction or act falling within the scope of Sensitive Processes, which may be commercial, financial or corporate in nature (for example, reductions in capital, mergers, demergers, contributions, returns to shareholders, as well as ordinary business activities such as sales, purchases, personnel-related activities, etc.);
- **"Sensitive Processes"**: the set of Panini's activities within which there is a risk of offences being committed;
- **"Supervisory Body" or "SB"**: the body within Panini responsible for supervising the functioning of and compliance with the Model and for ensuring its updating pursuant to Legislative Decree No. 231/2001;

- **"Corporate Bodies"**: the members of Panini's management bodies;
- **"P.A."**: the Public Administration, public officials and persons entrusted with a public service;
- **"Partner"**: Panini's contractual counterparties, such as suppliers, agents and partners, whether individuals or legal entities, with whom the company enters into any form of contractually regulated collaboration (temporary business associations – ATI, joint ventures, consortia, etc.), where such parties are intended to cooperate with the company within Sensitive Processes;
- **"Offences"**: the predicate offences giving rise to the administrative liability of entities pursuant to Legislative Decree No. 231/2001, as subsequently amended;
- **"General Rules and Principles"**: the rules and general principles set out in this Model;
- **"Whistleblower"**: a person who raises a concern, submits a report or communicates a violation of this Model, the Code of Ethics or the law.

CONTENT OF PANINI S.R.L.'S ORGANISATION AND MANAGEMENT MODEL

1. ADOPTION OF THE MODEL

1.1 Introduction

Panini is a company whose corporate purpose includes the design, manufacture, maintenance and repair of steam and oil-fired heat generators, as well as autoclaves in general, and in particular sterilisation and polymerisation autoclaves.

Panini also designs and manufactures systems for thermal power plants and, in general, carries out mechanical processing activities.

With regard to management control, it is decisive that such control is exercised directly by the Company's administrative body, which determines the Company's business strategies and monitors its activities, giving primary consideration to the principles set out in the Company's Code of Ethics.

1.2 Purpose of the Model

Panini's decision to prepare an Organisation and Management Model reflects the Company's broader corporate policy, which is expressed through measures and initiatives aimed at raising awareness among all personnel associated with the Company – from management to subordinate employees – as well as all external collaborators and partners, concerning transparent and proper management of the Company, compliance with applicable laws and regulations, and the fundamental principles of business ethics pursued in the conduct of its corporate purpose.

Precise internal rules serve to organise the system of powers and delegations, regulate and establish procedures for activities carried out within the Company, and govern the various information flows between the different functions and bodies.

Within this framework, through the adoption of the Organisation and Management Model provided for by Legislative Decree No. 231/2001, Panini intends to ensure that its existing body of rules and controls is also consistent with the objective of preventing the offences identified by the Decree.

The Company also intends to make clear to all personnel and to all persons who collaborate with or conduct business with the Company that Panini unequivocally condemns any conduct contrary to laws or regulations, or otherwise carried out in violation of internal rules and the principles of sound and transparent management upon which the Company bases its activities.

In this context, the adoption of the Organisation Model, also by integrating the company's training plans, ensures the important result of informing the Company's personnel, collaborators and external partners of the significant administrative sanctions that may be imposed on the Company in the event that offences are committed, thereby preventing unlawful conduct, including criminal conduct, in the course of the Company's activities through continuous monitoring of all areas of activity exposed to risk and through training of personnel in the proper performance of their duties.

1.3 Identification of risk activities and definition of protocols: methodology

Also taking into account the Guidelines prepared by Confindustria, an Organisation Model has been developed around the concrete circumstances characterising the Company's operational activities, namely all the actual activities and organisational structures of the Company – and therefore the actual "risks of offences" that may arise in connection with them – having regard to the specific features of each business area and each individual offence identified by Legislative Decree No. 231/2001.

In other words, rather than being based solely on general and abstract principles, the Organisation Model has been tailored to the concrete circumstances and organisational structures concerned and therefore to the risks of offences that may arise in connection with them, taking into account all their specific characteristics.

For this purpose, the preparation of this Model was preceded by a series of preparatory activities divided into several stages and based on the fundamental principles of traceability and verifiability of all transactions carried out as part of the Company's activities, so as to permit effective control over them and ensure consistency with the requirements of Legislative Decree No. 231/2001.

Phase I: collection and analysis of all essential documentation

First, preparation of this Model began with the collection and assessment of all official documentation available at the Company relating to:

- organisational chart and allocation of functions;
- previous proceedings, convictions or other proceedings involving the Company, regardless of their legal nature;
- integrated Quality – Safety – Environment Manual;
- management procedures implemented;
- previous relevant corporate events;
- any other relevant information.

These documents were then examined in order to establish an information platform concerning the Company's structure and operations, as well as the allocation of powers and responsibilities, which would serve as the basis for the activities carried out in the subsequent phase.

Phase II: identification of risk activities

Subsequently, all Panini's activities were identified, beginning with a meticulous mapping of the individual operations carried out by the Company. This process was conducted through interviews with senior management personnel and representatives of the company's workers for safety.

Each individual activity was analysed in detail in order to verify both its precise content, its actual operating procedures and the allocation of responsibilities, and the existence or non-existence, for each activity, of a specific risk of commission of the offences identified by Legislative Decree No. 231/2001.

In particular, the areas at risk of offences relevant under Legislative Decree No. 231/2001 were identified through an analysis of procedures and interviews with key persons within the corporate structure. These interviews were conducted by several individuals with different and specific areas of expertise, in order to promote the best possible understanding of the operations of each individual business sector of the Company.

The results of the meetings and the due diligence activity, which continued for several months and were documented through summary minutes, illustrate both the content and operating procedures of each organisational unit and the specific risks of commission of the offences identified by Legislative Decree No. 231/2001.

For each activity, the specific reasons for the existence or non-existence of each risk profile were also identified.

Phase III: identification and analysis of existing risk controls

For the risk areas, the person responsible for managing the activities identified from time to time was asked to describe the operating procedures and actual controls existing and capable of preventing the identified risk.

The outcome of this activity was summarised in the situation analysis report.

Phase IV: gap analysis

The risk situation and the relevant safeguards emerging from the completion of the aforementioned forms were compared with the requirements imposed by Legislative Decree No. 231/2001, in order to identify any gaps or deficiencies in the existing system.

For activities involving risks that were not adequately controlled, appropriate measures were then proposed and agreed with the person responsible for managing those activities, with a view to identifying the interventions most effectively capable of preventing the specific risks identified, taking into account both the existence of explicitly codified operational rules and rules that, although not formally regulated, were nevertheless consistently followed in actual practice.

Phase V: definition of protocols

For each function in which a risk profile was identified as existing, one or more decision-making and management protocols were defined. These protocols contain the rules that the person responsible for the relevant operations helped identify as most appropriate for managing the risk profile in question: in other words, a set of rules arising from a detailed analysis of each individual activity and its risk-prevention system.

The protocols are based on the principle that the various stages of the decision-making process must be documented and verifiable, so that the reasoning underlying each decision can be reconstructed.

Each such decision-making and management protocol must be formally adopted through a service order addressed to the relevant function, thereby making the rules of conduct contained therein official and mandatory for all persons carrying out the activity in relation to which a risk has been identified.

The definition of the protocols is completed and supplemented by the rules established in the Code of Ethics already adopted and applied by the Company, which represents a fundamental instrument for expressing the principles of corporate ethics recognised by Panini and upon which the Company bases the sound, transparent and proper management of activities carried out by all employees and persons associated with the Company.

1.4 Structure of the Model: Parts One and Two and Annexes

In light of the characteristics described above, this Model consists of a first part, intended to illustrate the purposes and contents of Legislative Decree No. 231/2001 and the principal relevant provisions.

The second part, on the other hand, constitutes the core of the Model and concerns its substantive contents: from the identification of risk activities to the definition of protocols, the characteristics and functioning of the Supervisory Body, information flows, training and information activities, the disciplinary system and the updating of the Model.

The Model is completed by its annexes, including those maintained in electronic format, which form an integral part thereof:

1. Updated organisational chart.
2. Integrated Quality – Safety – Environment Manual.
3. Confidential Data Management System.
4. Code of Ethics.

These documents are carefully maintained under the supervision of the Supervisory Body, together with an original copy of this Model, and are in any event available to all recipients. They may be consulted by contacting the aforementioned Supervisory Body or the Human Resources Department without any formalities.

The Organisation Model is permanently available at the Company's premises through the Human Resources Department, which is aware of its location and, upon request, authorises consultation thereof while recording access.

The annexes, as well as the full version of the Organisation Model, are available at a dedicated address on the Company's Intranet and on electronic media kept by the Human Resources Department.

1.5 Recipients

As explained above, the Model is addressed to all Panini personnel involved in carrying out the activities identified as being at risk.

The provisions contained in the Model must therefore be complied with by management personnel acting in the name and on behalf of the Company and by subordinate employees, who shall receive appropriate training and information regarding the contents of the Model, in accordance with the procedures set out herein.

In order to ensure effective and efficient prevention of offences, this Model is also addressed to external collaborators, meaning both individuals (consultants, professionals, etc.) and companies that, under contract, provide services to Panini in connection with the performance of its activities.

Compliance with the Model shall be ensured through the inclusion of a contractual clause requiring the counterparty other than the Company to comply with the principles of the Model in activities involving the Company.

With regard to Partners and other companies controlled by or affiliated with Panini, the Company shall – before entering into contractual relationships involving stable contractual ties with third parties – carry out an appropriate due diligence procedure.

In particular, such due diligence shall be aimed at verifying the reputation of the prospective contracting party and its principal representatives (shareholders and directors), its financial position, its technical competence to provide the service covered by the contract, its principal customers and its relationships with public authorities.

2. PANINI S.R.L.'S ORGANISThe exemption from administrative liability provided for by Article 6, paragraph 1, of Legislative Decree No. 231/2001 requires, as a fundamental element, the establishment of a SupervisoryATIONAL CHART AND SENSITIVE PROCESSES

2.1 Organisational, management and control structure of Panini S.r.l.

…omitted…

2.2 Structure and composition of the Supervisory Body

The exemption from administrative liability provided for by Article 6, paragraph 1, of Legislative Decree No. 231/2001 requires, as a fundamental element, the establishment of a Supervisory Body within the entity, vested with autonomous powers of initiative and control.

With regard to the identification of the Supervisory Body and the need to effectively implement the Model, it was decided to appoint a Supervisory Body in accordance with the principles set out below.

Following the legislative amendments introduced by Article 1, paragraph 82, of the 2005 Finance Law, Legislative Decree No. 231/2001 provides that the Supervisory Body may consist of either a single member or several members.

Panini has opted, in full compliance with the applicable legislation, for a three-member Supervisory Body composed of three professionally qualified persons with expertise specifically in the areas presenting the greatest risk of offences, two of whom are external to the entity and all of whom possess the requirements established by law.

This solution was considered most appropriate, in light of the characteristics of the Company's organisational structure, to ensure the effectiveness of the controls for which the Supervisory Body is institutionally responsible.

It was also decided that the appointment and, where applicable, removal of the members of the Supervisory Body shall fall within the competence of the Board of Directors.

The management body shall carry out such activities in full compliance with applicable legislation, including the principles set out in the Confindustria Guidelines, and shall in any event ensure that the Supervisory Body has the following characteristics:

a) Autonomy and independence

The requirements of autonomy and independence are fundamental to ensuring that the Supervisory Body is not directly involved in the operational/management activities that constitute the subject matter of its supervisory functions.

These requirements are achieved by ensuring that the Supervisory Body, regarded as an independent staff unit within the organisational structure, enjoys substantial hierarchical independence, with the provision that, in carrying out its functions, it reports solely to the highest level of management.

In order to make these requirements effective, certain forms of protection must be established for the members of the Supervisory Body so as to ensure adequate protection against any form of retaliation against them. This is particularly relevant where the investigations carried out by the Supervisory Body reveal elements suggesting that the Company's senior management may be involved in an offence – or attempted offence – or in a violation of this Model, as further discussed below under point (c).

For this purpose, the Board of Directors shall be adequately informed of assessments concerning the overall professional performance of the Supervisory Body and of any remuneration and/or organisational measures relating to it; the same body shall verify their consistency with the Company's internal policy.

b) Professionalism

The Supervisory Body must possess adequate technical and professional expertise for the functions it is required to perform.

In particular, it must possess specialised expertise in inspection and advisory activities (e.g. management of occupational health and safety systems and accident prevention, statistical sampling, analytical techniques, accounting knowledge, fraud-detection methodologies and information systems) and legal expertise, particularly with regard to the offences covered by Legislative Decree No. 231/2001.

These characteristics, combined with independence, ensure objectivity of judgement.

In addition to the technical expertise described above, members of the Supervisory Body must possess further formal subjective requirements, including integrity, absence of conflicts of interest and absence of family relationships with the corporate bodies and senior management, and must never have been defendants in criminal proceedings concerning offences covered by Legislative Decree No. 231/2001.

This is intended to further guarantee the objectivity of judgement required by the role.

Furthermore, upon appointment, the person designated as a member of the Supervisory Body must sign a declaration confirming the absence of incompatibility factors, including, by way of example:

- family, marital or affinity relationships up to the fourth degree with members of the Board of Directors and senior management personnel of Panini;

- actual or potential conflicts of interest with Panini that could undermine the independence required by the role;
- direct or indirect ownership of company shares of such significance as to permit the exercise of substantial influence over Panini;
- management functions, during the three financial years preceding appointment as a member of the Supervisory Body or the establishment of a consultancy/collaboration relationship with the Supervisory Body, in companies subject to bankruptcy, compulsory administrative liquidation or other insolvency proceedings;
- employment in a public position within national or local Public Administrations during the three years preceding appointment as a member of the Supervisory Body or the establishment of a consultancy/collaboration relationship with the Supervisory Body;
- a final criminal conviction, or application of a sentence upon request of the parties (so-called patteggiamento), in Italy or abroad, for offences covered by Legislative Decree No. 231/2001 or other comparable offences, or in any event for intentionally committed crimes;
- a final conviction involving disqualification from public office or temporary disqualification from management positions in legal entities and companies.

c) Continuity of action

The Supervisory Body must:

- continuously monitor the Model and possess the necessary investigative powers;
- constitute an "internal" structure within the Company, even if entirely composed of independent persons (whether internal – in the sense described above – or external) with respect to Panini's administrative body, so as to ensure continuity of supervisory activities;
- oversee implementation of the Model and ensure its continuous updating;
- refrain from performing strictly operational duties that could affect the comprehensive view of the Company's activities required of it and undermine the objectivity of its judgement.

From a subjective perspective, members of the Supervisory Body must possess the requirements of professionalism and integrity.

In view of the activities they are required to perform, they must possess the necessary technical knowledge and relevant experience and must therefore have expertise not only in business management but also in legal matters (corporate, criminal, civil, procedural and administrative law), accounting and management.

Members of the Supervisory Body must also guarantee integrity, maximum reliability and absence of any conflict of position (for example, family relationships with corporate bodies and senior management personnel or, in any event, conflicts of interest).

In order to perform its multidisciplinary functions, the Supervisory Body may also make use of the assistance of professionals with specific expertise, including external professionals, who may provide appropriate technical and specialist support.

In order to ensure the necessary stability and continuity of action of the aforementioned Body, its members shall hold office for a substantial period of **three (3) years** from the date of their effective appointment.

During such period, their remuneration, determined by the Board of Directors at the time of appointment, may not be changed, except where adjustment is required to reflect statutory indices.

Removal of members of the Supervisory Body, which may only be ordered for reasons connected with serious breaches of the mandate conferred upon them, shall be resolved by the Board of Directors.

The revocation of the powers vested in the Supervisory Body and the transfer of such powers to other persons may take place only for just cause, which shall also include organisational restructuring measures within Panini, through a specific resolution of the management body.

The Supervisory Body is appointed by Panini's Board of Directors.

The occurrence of any incompatibility/ineligibility grounds shall result in the immediate removal of the relevant member from office.

If one or more members of the Supervisory Body cease to hold office during their term, the Board of Directors shall promptly appoint replacements.

The aforementioned Body may nevertheless operate temporarily even if only one member remains in office.

At the same time as appointing the Supervisory Body, it was decided to assign each manager (or senior manager) responsible for the individual functional areas (hereinafter also "Function Managers") – identified on the basis of Panini's organisational chart – the task of continuously verifying compliance with the Model and its adequacy.

These persons, who shall receive appropriate training under a training plan specifically relating to this Model and approved by the Supervisory Body, have been identified among those having operational responsibility for each business sector of the Company in which risks of offences identified by law have been found to exist and who contributed to the definition of protocols suitable for controlling such risks.

Their activities do not, however, entirely replace those of the Supervisory Body, which remains responsible for supervising the Organisation Model, carrying out its activities with the assistance of the aforementioned Function Managers.

In particular, the persons identified as managers responsible for the following functions are:

- Chairman of the Board of Directors;
- General Manager;
- Design;
- Sales;
- External Works;
- Administration;

- Quality – Safety – Environment;
- Human Resources;
- Warehouse.

All persons holding powers of attorney or delegations granted by senior management and any other person acting in a senior management capacity within the Company, regardless of the legal title under which such function is performed, shall also be regarded as senior managers of the entity.

The involvement and assignment of responsibility to the aforementioned Function Managers, irrespective of their contractual classification, is intended to provide a more concrete and therefore more effective guarantee of the actual implementation of the Model, since these persons constitute a fundamental operational and information link between the Supervisory Body and the operational units in which risk profiles have been identified.

The activities of the Function Managers represent the most effective means of fulfilling the obligation to implement the Model effectively, since they are the persons best able to provide actual assistance in fulfilling the supervisory obligation, given that they have the best knowledge of the practical operation and functioning of the activities identified as risk areas under their responsibility.

Each Function Manager is therefore required to report to the Supervisory Body all information useful to enable the Supervisory Body to better fulfil its obligations to supervise the functioning of and compliance with the Model and the need to adapt it.

The Supervisory Body shall directly establish an operating procedure agreed among its members governing its functioning in accordance with the law and the provisions of the Code of Ethics and this Model.

Furthermore, since a hierarchical management of information flows concerning the existence of areas at risk of commission of offences under Legislative Decree No. 231/2001 may itself constitute a Sensitive Process capable of frustrating the fulfilment of the supervisory duties assigned to the Supervisory Body, the latter shall establish effective whistleblower protection mechanisms, including fax lines and/or physical and electronic mailboxes through which each employee may, including anonymously and confidentially, submit any useful report concerning suspected violations of the Organisation Model, even where such violations do not constitute an offence.

2.3 Definition of the duties and powers of the Supervisory Body

The duties of the Supervisory Body are expressly defined by Article 6, paragraph 1, letter (b), of Legislative Decree No. 231/2001 as follows:

- supervising the functioning of and compliance with this Model;
- proposing updates to the Model.

In fulfilment of the first of these duties, the Supervisory Body is entrusted with the following activities:

…omitted…

2.4 Reporting by the Supervisory Body

In order to guarantee its full autonomy and independence in carrying out its functions, the Supervisory Body does not report through any hierarchical line to any function within the Company.

The Supervisory Body reports on an ongoing basis to the Board of Directors.

Furthermore, each year the Supervisory Body prepares a written report for the management body containing information on the activities carried out (including a brief description of the controls performed and their outcome, any update of the mapping of Sensitive Activities, etc.). Each year, based on the evidence emerging during the previous year, the Supervisory Body also prepares a plan of activities for the following year.

Where the Supervisory Body identifies anomalies or critical issues attributable to any of the relevant persons, the report must be addressed to one of the other persons referred to above.

Reporting shall concern:

- activities carried out by the Supervisory Body;
- amendments made to the Model or proposed amendments thereto;
- any anomalies identified, both in terms of conduct within Panini and in terms of the effectiveness of the Model.

Meetings between the Supervisory Body and the relevant persons must be minuted, and copies of the minutes shall be kept by the Supervisory Body, which may, through the relevant functions and persons, request the convening of the aforementioned bodies for urgent reasons.

2.5 Information flows to the Supervisory Body

2.5.1 Information obligations towards the Supervisory Body

Among the requirements that the Model must satisfy, Legislative Decree No. 231/2001 also provides for the establishment of information obligations towards the Supervisory Body.

Information flows shall concern all information and documents that must be brought to the attention of the Supervisory Body, as provided for by the protocols and by each part contributing to the Model.

The Supervisory Body may also receive any concerns regarding violations of procedures that could potentially lead to the commission of any offence.

Specifically, this Model establishes a series of obligations incumbent upon all Panini personnel and, first and foremost, upon the Function Managers.

In particular, all managers responsible for the individual Operational Areas shall keep the Supervisory Body informed of any event or fact relevant to compliance with and functioning of the Model.

Employees and any external collaborators must report any information relating to conduct constituting violations of the provisions of the Model or relating to the commission of offences.

Furthermore, the Supervisory Body must receive copies of periodic reports concerning occupational health and safety, so that it may be promptly informed of any violations of the accident-prevention requirements contained in the Organisation Model.

The Supervisory Body shall establish an internal communication channel guaranteeing, where the nature of the report so requires, the confidentiality of the information reported, also in order to prevent retaliatory conduct by senior management against the whistleblower.

…omitted…

2.5.2 Whistleblower protection

The system for protecting reports of violations of legal provisions, the Code of Ethics and the Model is considered a fundamental instrument for implementing the system for preventing criminal risks.

Accordingly, an employee who reports a violation of the Organisation Model, even where such violation does not constitute an offence, must not in any way be placed at a disadvantage as a result of such action, regardless of whether the report is subsequently found to be substantiated.

An employee who believes that he or she has been discriminated against in the course of his or her work as a result of reporting a violation of the Organisation Model shall use Panini's internal procedures, which comply with applicable law, for resolving and settling personnel disputes.

Panini undertakes to provide a working environment free from discrimination and harassment and expects all employees to do everything possible to maintain such an environment.

Panini shall not tolerate harassment of an employee by anyone (see the relevant provisions of the Code of Ethics).

Disciplinary action shall be taken against anyone who engages in discriminatory actions against or harasses any employee who reports a violation of the Model.

An employee who reports a violation of the Model or submits an allegation, whether false or made through means other than those recognised by the protection system, shall not be entitled to the protections offered by that system.

Disciplinary proceedings shall be initiated against anyone who intentionally makes false or irregular allegations.

Panini encourages all employees wishing to raise an issue concerning a violation of the Model to's internal procedures shall provide for a system for protecting reports consistent with this Model, with the Supervisory Body being responsible for such system.

Panini encourages all employees wishing to raise an issue concerning a violation of the Model to discuss the matter with the relevant Function Manager before following the ordinary whistleblowing procedures, unless there are obvious reasons not to do so.

In most cases, it is expected that the Function Manager will be able to resolve the matter informally.

For this purpose, Function Managers must take all concerns raised seriously and comprehensively and, where necessary, seek the opinion of the Supervisory Body and other competent persons and/or conduct thorough investigations, within the scope of their respective responsibilities.

If the report does not produce a satisfactory outcome, or if the employee feels uncomfortable reporting the matter to the Function Manager, the employee must contact the Supervisory Body.

Consultants and Partners, in relation to activities carried out with Panini, shall report directly to the Supervisory Body.

In order to permit a proper assessment and complete investigation of a report concerning suspicious conduct, when reporting an alleged violation, employees should provide the following information, which shall be recorded in a specific document prepared by the Supervisory Body:

- a description of the matter, including all relevant details (for example, the date and place of the event, the type of conduct, the persons involved, etc.);
- an indication of the reasons why the matter is considered a concern;
- an indication of all elements that may confirm that the event occurred, is occurring or is likely to occur;
- how the reporting person became aware of the event/situation forming the subject matter of the report;
- the existence of witnesses;
- whether the matter has previously been raised with anyone else and, if so, with whom;
- the specific function within which the suspicious conduct occurred;
- any other information considered relevant.

Where possible and where this does not create countervailing concerns, the employee making the report should also provide his or her name and the information necessary for subsequent contact.

Non-anonymous reporting should be preferred because it facilitates the investigation of the alleged violation.

Direct reporting. Confidentiality

Anonymous reports

…omitted…

…omitted…

Controversial accounting or auditing matters. Management of a report

2.6 Disciplinary system

…omitted…

2.6.1 Purpose of the disciplinary system

For the purpose of assessing the effectiveness and suitability of the Model in preventing the offences referred to in Legislative Decree No. 231/2001, the Organisation Model must identify and sanction conduct that may facilitate the commission of offences.

This is because Article 6, paragraph 2, of Legislative Decree No. 231/2001, when listing the elements that must be included in the models adopted by a company, expressly provides in letter (e) that the company must "introduce a disciplinary system capable of sanctioning non-compliance with the measures indicated in the Model".

The concept of a disciplinary system implies that the Company must establish a graduated scale of applicable sanctions in relation to the different degree of danger that conduct may present with regard to the commission of offences.

Accordingly, a disciplinary system has been established which, first, sanctions all violations of the Model, from the most serious to the least serious, through a graduated system of sanctions and, second, respects the principle of proportionality between the violation identified and the sanction imposed.

Regardless of the nature of the disciplinary system required by Legislative Decree No. 231/2001, the fundamental characteristic of disciplinary authority remains the employer's power under Article 2106 of the Civil Code, applicable to all categories of employees and exercised independently of the provisions of collective bargaining agreements.

In accordance with the principles set out above, disciplinary powers under Legislative Decree No. 231/2001 shall be exercised by the Board of Directors following consultation with the Supervisory Body.

All provisions of this section shall be displayed in an appropriate, visible and accessible location for recipients. These provisions shall also be communicated to the relevant parties in accordance with applicable law and under the responsibility of the Supervisory Body or the Human Resources Department.

2.6.2 Sanctions applicable to Employees

Any violation by employees subject to the National Collective Labour Agreement for the Metalworking Industry of the individual rules of conduct contained in this Model constitutes a disciplinary offence.

The disciplinary measures that may be imposed on such employees – in accordance with the procedures under Article 7 of Law No. 300 of 20 May 1970 (Workers' Statute) and any applicable special legislation – are those provided for by the sanctioning framework under Article 8, Title VII, of the aforementioned CCNL, namely:

…omitted…

2.6.3 Sanctions applicable to Managers

In the event of non-compliance by Managers with the requirements set out in the Model, the Company shall apply the most appropriate measures against the responsible persons, in accordance with the provisions of the National Collective Labour Agreement applicable to industrial managers at Panini.

…omitted…

2.6.4 Sanctions applicable to relationships with external collaborators and Partners

For the purpose of ensuring the full and effective preventive function of the Model with regard to the offences referred to in Legislative Decree No. 231/2001, provisions have been established to govern relations with external collaborators and commercial Partners.

…omitted…

2.6.5 Sanctions applicable to Directors

…omitted…

2.6.6 Sanctions applicable to Statutory Auditors

…omitted…

2.6.7 Types of violations of the Model and relevant sanctions

The following conduct, by way of example and without limitation, constitutes a violation of this Model:

- violation by an employee of internal procedures established by the Model (e.g. failure to comply with prescribed procedures, failure to communicate relevant information to the Supervisory Body, failure to carry out controls, etc.), or adoption, in the performance of activities connected with Sensitive Processes, of conduct inconsistent with the provisions of the Model;
- violation of internal procedures established by the Model, or adoption, in the performance of activities connected with Sensitive Processes, of conduct inconsistent with the provisions of the Model that exposes the Company to the risk of commission of one of the offences referred to in Legislative Decree No. 231/2001;
- adoption, in the performance of activities connected with Sensitive Processes, of conduct inconsistent with the provisions of this Model and unequivocally directed towards the commission of one or more offences;
- adoption, in the performance of activities connected with Sensitive Processes, of conduct manifestly inconsistent with the rules of this Model and such as to result in the actual application to the Company of the sanctions provided for by Legislative Decree No. 231/2001.

Sanctions and any claim for damages shall be proportionate to the degree of responsibility and autonomy of the employee, any previous disciplinary measures against the employee, the intentional nature of the conduct and its seriousness, meaning the level of risk to which the Company may reasonably be considered exposed under Legislative Decree No. 231/2001 as a result of the conduct in question.

The disciplinary system shall be subject to continuous review and assessment by the Supervisory Body and the Human Resources Manager.

Only the latter shall be responsible for the actual application of the disciplinary measures described above, following any report by the Supervisory Body and after consulting the hierarchical superior of the person responsible for the conduct subject to disciplinary action.

2.7 Updating of the Organisation Model

As recalled in paragraph 2.3, pursuant to Article 6, paragraph 1, letter (a), of Legislative Decree No. 231/2001, adoption and effective implementation of the Model are the responsibility of the entity’s management body.

Taking into account Panini's specific organisational structure and the principles underlying the framework established by Legislative Decree No. 231/2001, the power to update the Model is assigned directly to the Supervisory Body.

Accordingly, the Supervisory Body is responsible for overseeing the updating of the Model, following a written instruction and delegation from the Board of Directors, in accordance with the provisions of this Model. This task shall also be performed with the assistance of the managers responsible for the individual functions.

The updating activity, understood both as supplementation and amendment, is intended to ensure the adequacy and suitability of the Model, assessed in relation to its preventive function concerning the commission of the offences referred to in Legislative Decree No. 231/2001.

2.8 Information and training of personnel

2.8.1 Information provided to personnel

The procedures for communicating the Model must ensure full dissemination thereof, so as to ensure that recipients are aware of the procedures that must be followed for the proper performance of their duties.

In accordance with the Confindustria Guidelines, information must be complete, timely, accurate, accessible and continuous.

For this purpose, the Model shall be the subject of specific training activities when it is adopted, following amendments or updates and, in any event, periodically.

The Model shall also be permanently made available to all recipients in paper or electronic form, with appropriate communication to personnel and advance notice of specific training courses concerning it.

Finally, the Supervisory Body, together with the relevant Function Manager, shall determine the development of a training and dissemination plan for the Organisation Model, the Code of Ethics and any amendments or additions thereto.

2.8.2 Personnel training

In order to ensure effective knowledge of the Model and of the procedures that must be followed for the proper performance of duties, specific training activities shall also be provided to Panini personnel:

- Function Managers shall receive training during which the contents of the legislation are explained, the provisions contained in the Model adopted by Panini are examined in greater detail, and the responsibilities and offences relevant under Legislative Decree No. 231/2001 are identified. Function Managers shall also be equipped to provide initial information on the subject to all other personnel;
- the managers responsible for the individual Operational Areas shall issue a declaration confirming that they have read the Organisation Model and undertaking to comply with it and inform the employees under their supervision thereof. Such declaration shall be kept by the Human Resources Department;
- a hard copy of the Organisation Model pursuant to Legislative Decree No. 231/2001 shall be kept in a dedicated area of the local computer network or in a physical location.

Where clarification or further information is required, employees may contact the Function Managers for an immediate response.

The Supervisory Body shall include in the company training plan, coordinating with the relevant corporate functions and particularly with regard to occupational safety, training for all personnel concerning the adoption and implementation of the Organisation Model. Such training shall at least inform employees of the safeguards and protocols relevant to their duties, the whistleblower protection system adopted and the sanctions applicable in the event of violations.

Particular attention shall be devoted to the training of newly recruited employees and persons who, although already employed by the Company, are appointed to new positions.

Such personnel shall be required to sign a specific declaration confirming that they have read the Organisation Model, unless such declaration has already been obtained.

2.9 Sensitive Processes of Panini S.r.l.

The risk analysis carried out within Panini S.r.l. for the purposes of Legislative Decree No. 231/2001 in accordance with the procedures described above, the relevant documentation being kept by the Supervisory Body, has shown that the Company's Sensitive Processes – at present – primarily concern the following categories of offences:

…omitted…

2.10 Individual relevant offences

…omitted…

3. IDENTIFICATION OF SENSITIVE ACTIVITIES AND PROCEDURES SUITABLE FOR PREVENTING THE COMMISSION OF OFFENCES PROVIDED FOR BY LEGISLATIVE DECREE NO. 231/2001

This paragraph concerns conduct that may be carried out by Panini S.r.l.'s employees, consultants and Partners, as defined above in this Organisation Model.

The primary purpose of this part of the paragraph is to identify the minimum safeguards within the Company's organisation aimed at preventing the commission of all offences.

This means, at a minimum, that all recipients identified above must adopt rules of conduct consistent with the requirements of the Organisation Model, in order to prevent the occurrence of offences that could trigger the Company's administrative liability.

More specifically, this paragraph is intended to:

a) identify the procedural principles that Panini S.r.l.'s employees, consultants and Partners are required to observe for the proper application of the Organisation Model;

b) provide the Supervisory Body and the managers of the other corporate functions cooperating with it with the principles that must guide the executive instruments necessary to carry out control, monitoring and verification activities.

The detailed procedures resulting from implementation in day-to-day operations and from the other activities carried out within the entity are defined in the operational protocols, the Quality, Environment, Health and Safety Management System procedures and the internal regulations adopted to implement the safeguards identified in this part of the Model.

In particular, with reference to the so-called Sensitive Areas, the Company has identified a series of key principles (derived from the Code of Ethics) which, by regulating such activities, constitute the instruments directly intended to plan the formation and implementation of the Company's decisions and to ensure appropriate control over them, including in relation to the offences to be prevented.

These principles appear consistent with the guidance provided by the Guidelines issued by Confindustria and are considered by the Company to be reasonably suitable for preventing the offences referred to in the Decree.

For this reason, the Company considers it essential to ensure the proper and effective application of the aforementioned control principles throughout all areas of its activities, with particular regard to Sensitive Areas.

The aforementioned principles also constitute the basis for preparing safeguards suitable for preventing the commission of offences, as well as the relevant company protocols and operating procedures.