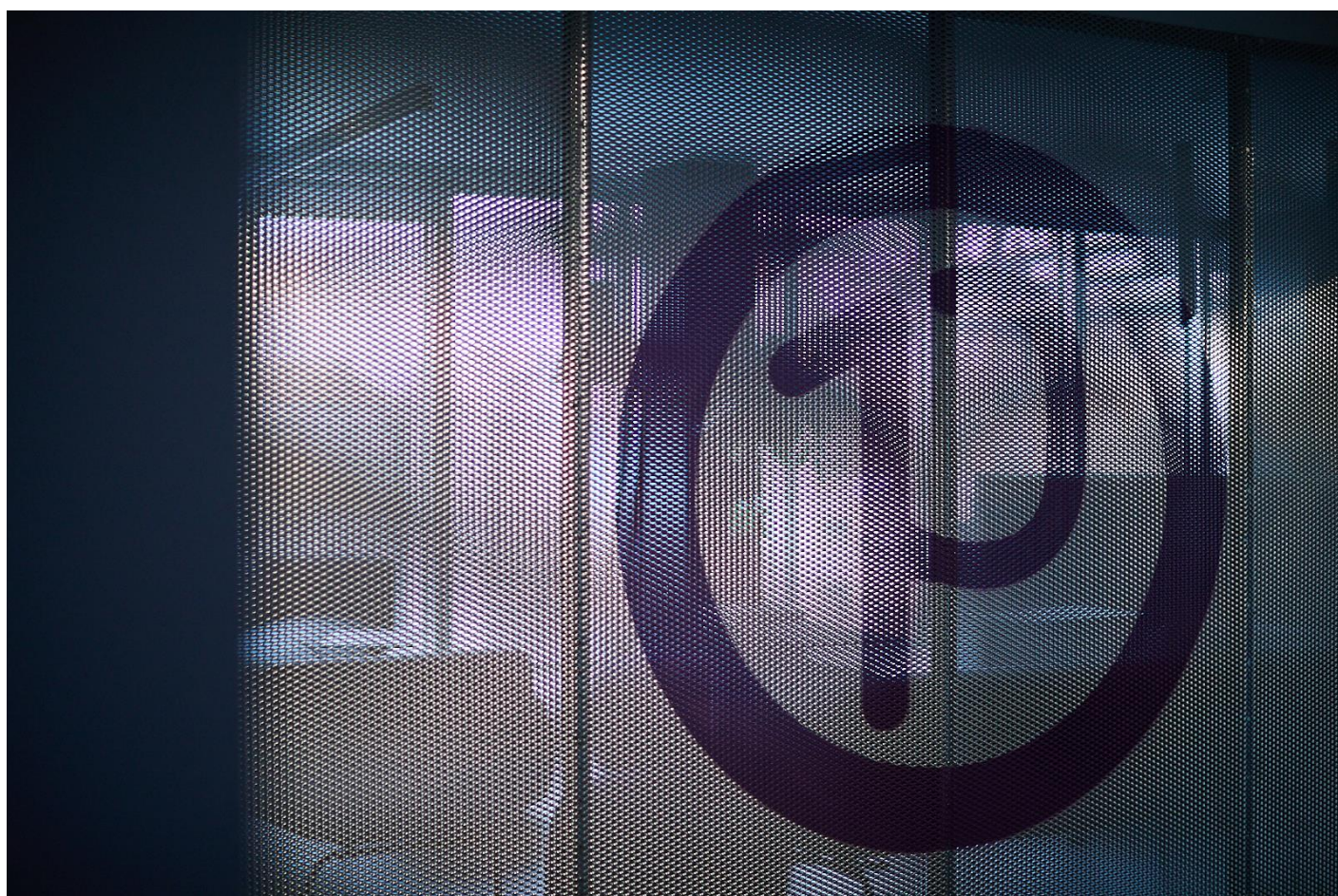


**PRIMA ASSICURAZIONI S.P.A.
GENERAL PART
ORGANISATION, MANAGEMENT AND CONTROL MODEL
adopted pursuant to Decree 231 dated 8 June 2001**



| | |
|-----------------------|---|
| Version number | 2 |
| Approval date | 17 December 2020 |
| Approved by | The Board of Directors of Prima Assicurazioni S.p.A. |

CONTENTS

| | |
|---|-----------|
| 1. DEFINITIONS..... | 5 |
| 2. Decree 231/2001 | 6 |
| 2.1 Administrative responsibility of legal persons for offences..... | 6 |
| 2.2 Application of the responsibility rules to organisations | 6 |
| 2.3 Types of offence | 7 |
| 2.4 Benefit or interests of the organisation | 16 |
| 2.5 Perpetrators of the offence: leaders of the organisation and persons subject to their management or supervision..... | 17 |
| 2.6 Offences committed abroad | 17 |
| 2.7 System of penalties..... | 18 |
| 2.8 Exclusion from responsibility | 21 |
| 2.9 Guidelines issued by trade associations | 22 |
| 3. GOVERNANCE OF THE COMPANY | 23 |
| 3.1 The Company | 23 |
| 3.2 The business model | 24 |
| 3.3 System of delegated powers and mandates..... | 25 |
| 3.4 Manual and IT procedures | 25 |
| 4. PREPARATION OF THE MODEL..... | 26 |
| 4.1 Project implemented by the Company | 26 |
| 4.2 Functions and objectives of the Model..... | 26 |
| 4.3 Activities | 27 |
| 4.4 Project launch and analysis of the organisational and control structure | 29 |

| | | |
|-----|---|----|
| 4.5 | Identification of the processes and activities in the context of which offences may be committed..... | 29 |
| 4.6 | Interviews with Key Officers | 30 |
| 4.7 | Summary of results and gap analysis..... | 31 |
| 4.8 | Preparation of the documentation..... | 31 |
| 5. | STRUCTURE OF THE MODEL | 31 |
| 5.1 | Elements of the Model..... | 31 |
| 5.2 | System of organisation and authorisation..... | 33 |
| 5.3 | Principles of control..... | 33 |
| 5.4 | System for managing cash flows..... | 35 |
| 5.5 | General Prevention Principles and Protocols | 35 |
| 6. | SUPERVISORY BODY | 42 |
| 6.1 | Purpose and scope of application | 42 |
| 6.2 | Composition of the Supervisory Body..... | 44 |
| 6.3 | Tasks and activities of the Supervisory Body..... | 44 |
| 6.4 | Information flows and Whistleblowing..... | 45 |
| 6.5 | Regulation..... | 48 |
| 7. | DISCIPLINARY SYSTEM | 48 |
| 7.1 | Introduction | 48 |
| 7.2 | Penalties applicable to employees..... | 49 |
| 7.3 | Penalties applicable to executives..... | 50 |
| 7.4 | Penalties applicable to directors..... | 51 |
| 7.5 | Penalties applicable to Statutory Auditors | 51 |
| 7.6 | Penalties applicable to external collaborators subject to supervision..... | 51 |

| | | |
|-----|--|----|
| 7.7 | Penalties for infringement of the rules that govern whistleblowing reports | 51 |
| 7.8 | Penalty application process..... | 52 |
| 8. | PERSONNEL TRAINING AND INFORMATION | 53 |
| 9. | UPDATING AND AMENDING THE MODEL | 53 |

1. DEFINITIONS

Sensitive activities: activities or business processes in the context of which crimes or administrative offences might be committed by Recipients.

National Collective Employment Contract or CCNL: the National Collective Employment Contract for the Commerce sector.

Code of Ethics: the Code of Ethics adopted by Prima with which collaborators, suppliers and all parties that work in the name and on behalf of Prima must comply. The Code of Ethics defines the fundamental ethical values and rules of business conduct that must be respected by all Company personnel when carrying out their activities.

Decree 231 or Decree: Legislative Decree no. 231 dated 8 June 2001, published in Italian Official Gazette no. 140 on 19 June 2001, and subsequent amendments and additions.

Recipients: (a) directors; (b) members of corporate bodies; (c) any other person in a senior position (meaning any person whose functions include representing, managing, administering, directing or controlling the Company); (d) employees and external collaborators of all kinds (permanent, fixed term, part time, temporary, intern at any level and under any type of contractual relationship, including foreign secondments) subjected to management or supervision by the “leaders” of the Company.

Employees: all persons directly employed by the Company under permanent or fixed-term employment contracts.

Guidelines: the guidelines for the preparation of organisation, management and control models pursuant to Decree 231/2001 issued by Confindustria and the ANIA guidelines for the insurance sector.

Model: the Organisation, management and control model pursuant to Decree 231 adopted by Prima on 1 March 2019, for the prevention of Crimes and Administrative Offences, as envisaged in arts. 6 and 7 of the Decree.

Supervisory Body: internal corporate body formed pursuant to art. 6 of the Decree by resolution of the Board of Directors of the Company.

Procedures and Guidelines: the set of procedures and guidelines adopted by Prima that establish the guidelines and rules to be followed by all Recipients, on whatsoever basis, when carrying out their work. The Procedures and Guidelines are published on the corporate intranet, where they are available to all Recipients. They are also available in printed form from the Office Administration function.

Disciplinary System: the set of penalties applicable to Recipients that infringement the Organisation, management and control model pursuant to Decree 231.

Prima or the Company: Prima Assicurazioni S.p.A., with registered office at Via Speronari 8, Milan (MI).

Workers' Statute: Law no. 300 dated 30 May 1970.

2. **Decree 231/2001**

2.1 **Administrative responsibility of legal persons for offences**

This Decree, on "*Governance of the administrative responsibility of legal persons, companies and associations, including those that are not legal persons, pursuant to art. 11 of Law no. 300 dated 29 September 2000*", added the administrative responsibility of organisations for offences to Italian legislation, complementing the criminal responsibility of the natural persons representing them who actually carry out the offence.

Pursuant to this law, organisations can be held responsible and therefore penalised for certain offences committed (or merely attempted) in the interests or for the benefit of the organisation by its leaders or their subordinates.

The administrative responsibility of the legal person is separate from, and additional to, the criminal responsibility of the natural person who carries out the offence.

This broadening of responsibility essentially seeks to involve the assets and management of the organisation in the punishment of certain offences as, prior to the entry into force of the Decree, they did not suffer any direct consequences for offences committed in their interests or for their benefit by their leaders or their subordinates.

The Decree therefore represents an innovation within the Italian legal framework, as organisations are now directly and independently subject to both pecuniary penalties and prohibitions for offences committed by parties with functional links to them.

2.2 **Application of the responsibility rules to organisations**

Pursuant to art. 5 of the Decree, the administrative responsibility rules apply to the organisation when the following three conditions are satisfied:

- (a) any one of the offences specifically mentioned in the Decree is committed;
- (b) the offence was committed in the interests or for the benefit of the organisation;
- (c) the perpetrator of the offence was a leader of the organisation and/or subject to management or supervision by its leaders.

2.3 Types of offence

The organisation may only be held responsible for offences specifically mentioned in the Decree (the “envisaged offences”) that are committed in its interests or for its benefit by the parties identified in art. 5, para. 1, of the Decree.

The organisation may have administrative responsibility for offences falling into the following categories:

- (a) **“Offences against the Public Administration” (arts. 24 and 25 of the Decree)**
 - (i) “Misuse of funds to the detriment of the State” (art. 316-*bis* criminal code)
 - (ii) “Improper collection of funds to the detriment of the State” (art. 316-*ter* criminal code)
 - (iii) “Fraud” (art. 640, para. 2.1, criminal code)
 - (iv) “Aggravated fraud to obtain public funds” (art. 640-*bis* criminal code)
 - (v) “IT fraud” (art. 640-*ter* criminal code)
 - (vi) “Malfeasance” (art. 317 criminal code)
 - (vii) “Corruption in the exercise of the function” (art. 318 criminal code)
 - (viii) “Corruption to obtain a deed contrary to official duty” (art. 319 criminal code)
 - (ix) “Corruption to obtain a judicial deed” (art. 319-*ter* criminal code)
 - (x) “Improper inducement to give or promise benefits” (art. 319-*quater* criminal code)
 - (xi) “Corruption of a person who provides a public service” (art. 320 criminal code)
 - (xi) “Penalties for the corrupter” (art. 321 criminal code)
 - (xii) “Instigation of corruption” (art. 322 criminal code)
 - (xiii) “Embezzlement, malfeasance, improper inducement to give or promise benefits, corruption and instigation of the corruption of members of European Community bodies and officials of the European Communities and foreign countries” (art. 322-*bis* criminal code)
 - (xiv) “Illegal trafficking of influence” (art. 346-*bis* criminal code)
 - (xv) “Fraud in public supplies” (art. 356 criminal code)

- (xvi) “Fraud to the detriment of the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development (art. 2, Law 898/1986)
- (xvii) “Embezzlement, embezzlement by profiting from the mistakes of others and abuse of office” (arts. 314, para. 1, 316 and 323 criminal code)
- (b) **IT crimes and unlawful data processing (art. 24-bis of the Decree)**
 - (i) “IT documents” (art. 491-*bis* criminal code)
 - (ii) “Unauthorised access to an IT or electronic data communications system” (art. 615-*ter* criminal code)
 - (iii) “Holding and unauthorised distribution of access codes to IT or telematic systems” (art. 615-*quater* criminal code)
 - (iv) “Distribution of equipment, devices or IT programs intended to damage or crash an IT or telematic system” (art. 615-*quinqüies* criminal code)
 - (v) “Interception, prevention or illegal interruption of IT or telematic communications” (art. 617-*quater* criminal code)
 - (vi) “Installation of equipment for intercepting, preventing or interrupting IT or telematic communications” (art. 617-*quinqüies* criminal code)
 - (vii) “Causing damage to information, data or IT programs” (art. 635-*bis* criminal code)
 - (viii) “Causing damage to information, data or IT programs used by the State or a public body or of public interest” (art. 635-*ter* criminal code)
 - (ix) “Causing damage to IT or telematic systems” (art. 635-*quater* criminal code)
 - (x) “Causing damage to IT or telematic systems of public interest” (art. 635-*quinqüies* criminal code)
 - (xi) “IT fraud by the party that provides electronic signature certification services” (art. 640-*quinqüies* criminal code)
- (c) **“Organised crimes” (art. 24-*ter* of the Decree)**
 - (i) “Criminal association” (art. 416 criminal code)
 - (ii) “Italian and foreign mafia-related associations” (art. 416-*bis* criminal code)
 - (iii) “Political/mafia-related electoral voting fraud” (art. 416-*ter* criminal code)
 - (iv) “Kidnapping for the purposes of theft or extortion” (art. 630 criminal code)

- (v) “Association for the illegal trafficking of narcotics or psychotropic drugs” (art. 74 Pres. Decree 309/90)
- (vi) All crimes committed under the conditions described in art. 416-*bis* of the criminal code in order to facilitate the activities of the associations referred to in that article (Law 203/91)
- (vii) “Illegal manufacture, importation into Italy, putting on sale, transfer, holding and carrying in public places or place open to the public of armaments, weapons or parts thereof, explosives, clandestine arms and multiple ordinary guns” (art. 407, para. 2.a.5), criminal procedures code)
- (d) **“Falsification of cash, government-issued bearer bonds, duty-paid stamps and recognisable signs” (art. 25-*bis* of the Decree)**
 - (i) “Falsification of cash and spending and importation into Italy, by collusion, of falsified money” (art. 453 criminal code)
 - (ii) “Alteration of money” (art. 454 criminal code)
 - (iii) “Spending and importation into Italy, without collusion, of falsified money” (art. 455 criminal code)
 - (iv) “Spending of falsified money received in good faith” (art. 457 criminal code)
 - (v) “Falsification of duty-paid paper, introduction into Italy, purchase, holding or circulation of falsified duty-paid paper” (art. 459 criminal code)
 - (vi) “Counterfeiting of watermarked paper used to manufacture government-issued bearer bonds or duty-paid paper” (art. 460 criminal code)
 - (vii) “Manufacture or holding of security strips or equipment for the falsification of money, duty-paid paper or watermarked paper” (art. 461 criminal code)
 - (viii) “Use of counterfeited or altered duty-paid paper” (art. 464, para. 2, criminal code)
 - (ix) “Counterfeiting, alteration or use of distinctive signs for intellectual property or industrial products, and counterfeiting, alteration or use of trademarks or distinctive signs or patents, models and designs” (art. 473 criminal code)
 - (x) “Importation into Italy and sale of products bearing false signs” (art. 474 criminal code)
- (e) **“Offences against trade and industry” (art. 25-*bis.1* of the Decree)**
 - (i) “Disturbing the freedom of trade and industry” (art. 513 criminal code);
 - (ii) “Illegal competition with threats or violence” (art. 513-*bis* criminal code)

- (iii) “Fraud against national industries” (art. 514 criminal code)
- (iv) “Fraud in the exercise of trade” (art. 515 criminal code)
- (v) “Sale as genuine of fake foodstuffs” (art. 516 criminal code)
- (vi) “Sale of industrial products with misleading signs” (art. 517 criminal code)
- (vii) “Manufacture and trade in goods made by appropriating industrial property rights” (art. 517-*ter* criminal code)
- (viii) “Counterfeiting of designation or geographical area of origin of food industry products” (art. 517-*quater* criminal code)
- (f) **“Corporate offences” (art. 25-*ter* of the Decree)**
 - (i) “False corporate communications” (art. 2621 civil code)
 - (ii) “Minor offences” (art. 2621-*bis* civil code)
 - (iii) “False corporate communications by listed companies” (art. 2622 civil code)
 - (iv) “Impeded control” (art. 2625, para. 2, civil code)
 - (v) “Improper return of contributions” (art. 2626 civil code)
 - (vi) “Illegal distribution of profits and reserves” (art. 2627 civil code)
 - (vii) “Illegal transactions in shares or quotas of the company or the parent company” (art. 2628 civil code)
 - (viii) “Operations detrimental to creditors” (art. 2629 civil code)
 - (ix) “Failure to disclose conflicts of interest” (art. 2629-*bis* civil code)
 - (x) “Fictitious formation of capital” (art. 2632 civil code)
 - (xi) “Improper distribution of company assets by liquidators” (art. 2633 civil code)
 - (xii) “Corruption between private persons” (art. 2635 civil code)
 - (xiii) “Instigation of corruption between private persons” (art. 2635-*bis* civil code)
 - (xiv) “Illegal influence over the shareholders' meeting” (art. 2636 civil code)
 - (xv) “Market manipulation” (art. 2637 criminal code)
 - (xvi) “Impeding the activities of public supervisory authorities” (art. 2638, paras. 1 and 2, civil code)

- (g) **“Crimes committed for the purpose of terrorism or the subversion of democratic order” (art. 25-*quater* of the Decree)**
- (i) “Subversive associations” (art. 270 criminal code)
 - (ii) “Association for the purpose of domestic or international terrorism or the subversion of democratic order” (art. 270-*bis* criminal code)
 - (iii) “Provision of assistance to members” (art. 270-*ter* criminal code)
 - (iv) “Enrolment for the purposes of domestic or international terrorism” (art. 270-*quater* criminal code)
 - (v) “Training for the purposes of domestic or international terrorism” (art. 270-*quinquies* criminal code)
 - (vi) “Financing of conduct for the purposes of terrorism” (Law 153/2016, art. 270-*quinquies*.1 criminal code)
 - (vii) “Theft of seized assets or money” (art. 270-*quinquies*.2 criminal code)
 - (viii) “Conduct for the purposes of terrorism” (art. 270-*sexies* criminal code)
 - (ix) “Attack for the purposes of terrorism or subversion” (art. 280 criminal code)
 - (x) “Acts of terrorism using lethal or explosive devices” (art. 280-*bis* criminal code)
 - (xi) “Acts of nuclear terrorism” (art. 280-*ter* criminal code)
 - (xii) “Kidnapping for the purposes of terrorism or subversion” (art. 289-*bis* criminal code)
 - (xiii) “(Instigation to commit any of the offences envisaged in Chapters one and two)” (art. 302 criminal code)
 - (xiv) “Political conspiracy by agreement” (art. 304 criminal code)
 - (xv) “Political conspiracy by association” (art. 305 criminal code)
 - (xvi) “Armed gang: formation and participation” (art. 306 criminal code)
 - (xvii) “Assisting the members of a conspiracy or armed gang” (art. 307 criminal code)
 - (xviii) “Seizure, re-direction and destruction of an aeroplane” (art. 1 of Law 342/1976)
 - (xix) “Damage to land-based installations” (art. 2 of Law 342/1976)
 - (xx) “Penalties” (art. 3 of Law 422/1989)

- (xxi) "Pro-active regret" (art. 5 of Decree 625/1979)
- (xxii) "New York Convention dated 9 December 1999" (art. 2)
- (h) **"Crimes against personal liberty - such as reduction into slavery, slave trafficking, child prostitution, holding of pornographic materials linked to the exploitation of children, female genital mutilation" (art. 25-*quater*.1 and art. 25-*quinquies* of the Decree)**
 - (i) "Female genital mutilation" (art. 583-*bis* criminal code)
 - (ii) "Reduction into slavery" (art. 600 criminal code)
 - (iii) "Holding of persons" (art. 601 criminal code)
 - (iv) "Purchase or sale of slaves" (art. 602 criminal code)
 - (v) "Child prostitution" (art. 600-*bis* criminal code)
 - (vi) "Child pornography" (art. 600-*ter* criminal code)
 - (vii) "Holding of pornographic materials" (art. 600-*quater* criminal code)
 - (viii) "Virtual pornography" (art. 600-*quater*.1 criminal code)
 - (ix) "Tourism to take advantage of child prostitution" (art. 600-*quinquies* criminal code)
 - (x) "Unlawful dealing in and exploitation of labour" (art. 603-*bis* criminal code)
 - (xi) "Soliciting of minors" (art. 609-*undecies* criminal code).
- (i) **"Market abuse crimes and administrative offences" (art. 25-*sexies* of the Decree)**
 - (i) "Insider dealing" (art. 184 Law 58/1998) and related administrative offences (art. 187-*bis* Law 58/1998)
 - (ii) "Market manipulation" (art. 185 Law 58/1998) and related administrative offences (art. 187-*ter* Law 58/1998)
- (j) **Manslaughter or serious or very serious personal injuries caused negligently in violation of the occupational health and safety regulations (art. 25-*septies* of the Decree)**
 - (i) "Manslaughter" (art. 589 criminal code)
 - (ii) "Serious or very serious personal injuries caused negligently" (art. 590, para. 3, criminal code)

- (k) **“Receiving, recycling and use of money, assets or benefits deriving from illegal sources” (art. 25-octies of the Decree)**
 - (i) "Receiving" (art. 648 criminal code)
 - (ii) “Recycling” (art. 648-bis criminal code)
 - (iii) “Use of money, assets or benefits deriving from illegal sources” (art. 648-ter criminal code)
 - (iv) “Self-recycling” (art. 648-ter.1 criminal code)
- (l) **“Offences relating to the infringement of authorship rights” (art. 25-novies of the Decree)**
 - (i) "Unlawful distribution of protected intellectual property using a computer network" (art. 171, para.1.a-bis, Law no. 633 dated 22 April 1941)
 - (ii) “Appropriation of the ownership of works directly or via their deformation, division or other modification” (art. 171, para. 3, Law no. 633 dated 22 April 1941)
 - (iii) “Unlawful activities involving software and databases” (art. 171-bis Law no. 633 dated 22 April 1941)
 - (iv) “Unlawful activities involving audio-visual and literary works” (art. 171-ter Law no. 633 dated 22 April 1941)
 - (v) “Failure to notify or false notifications to SIAE” (art. 171-septies Law no. 633 dated 22 April 1941)
 - (vi) “Fraudulent decoding of audio-visual transmissions subject to restricted access” (art. 171-octies Law no. 633 dated 22 April 1941)
- (m) **“Obstruction of justice” (art. 25-decies of the Decree)**
 - (i) “Inducement to not make declarations or to make false declarations to the judiciary” (art. 377-bis criminal code)
- (n) **“Environmental offences” (art. 25-undecies of the Decree)**
 - (i) “Killing, destruction, capture or possession of examples of protected wild animal or vegetable species” (art. 727-bis criminal code)
 - (ii) “Destruction or deterioration of the habitat within a protected site” (art. 733-bis criminal code)
 - (iii) “Discharge of industrial waste water” (art. 137 Decree 152 dated 3 April 2006)

- (iv) “Collection, transportation, recycling, disposal, sale or brokerage of waste without the required authorisations, registrations or communications” (art. 256 Decree 152 dated 3 April 2006)
- (v) “Pollution of the soil, sub-soil, surface waters or underground waters, when concentrations exceed the risk threshold” (art. 257 Decree 152 of 3 April 2006)
- (vi) “Violation of the obligations to notify, or keep mandatory registers and formula lists” (art. 258 Decree 152 dated 3 April 2006)
- (vii) “Illegal trafficking of waste” (art. 259 Decree 152 dated 3 April 2006)
- (viii) “IT system for controlling the traceability of waste” (art. 260--*bis*, para. 6, Decree 152/2006)
- (ix) “Development of an installation without the required authorisations or maintenance of a business with expired, suspended or revoked authorisations” (art. 279 Decree 152 dated 3 April 2006)
- (x) “Importation, exportation or re-exportation of examples of animal and vegetable species threatened with extinction” (arts. 1, 2 and 3-*bis* Decree 150 dated 7 February 1992)
- (xi) "Cessation and reduction of the use of hazardous substances" (art. 3 Law 549 dated 28 December 1993)
- (xii) “Accidental pollution caused by ships” (art. 8 Decree 202 dated 6 November 2007)
- (xiii) “Deliberate pollution caused by ships” (art. 9 Decree 202 dated 6 November 2007)
- (xiv) “Environmental pollution” (art. 452-*bis* criminal code)
- (xv) “Environmental disaster” (art. 452-*quater* criminal code)
- (xvi) “Negligent offences against the environment” (art. 452-*quinquies* criminal code)
- (xvii) “Traffic in and abandonment of highly radioactive materials” (art. 452-*sexies* criminal code)
- (xviii) “Aggravating circumstances” (art. 452-*octies* criminal code)
- (xix) “Organised activities for the illegal trafficking of waste” (art. 452-*quaterdecies* criminal code)

- (o) **“Employment of foreign citizens without a proper permit” (art. 25-duodecies of the Decree)**
 - (i) “Employment of foreign citizens without a proper permit” (art. 22, paras. 12 and 12-bis, Decree 286/98)
 - (ii) “Transportation in Italy of foreign citizens without a proper permit” (art. 12, paras. 3, 3-bis and 3-ter, Decree 286/1998)
 - (iii) “Aiding and abetting the stay in Italy of foreign citizens without a proper permit” (art. 12, para. 5, Decree 286/1998)
- (p) **“Racism and xenophobia” (art. 25-terdecies of the Decree)**
 - (i) "Propaganda and instigation of criminal activity for reasons of racist, ethnic or religious discrimination" (art. 604-bis criminal code)
- (q) **“Fraud in sports competitions, unauthorised organisation of games, betting and gambling using forbidden equipment” (art. 25-quaterdecies of the Decree)**
 - (i) “Fraud in sports competitions” (art. 1 Law 401 dated 13 December 1989)
 - (ii) “Unauthorised organisation of games or betting” (art. 4 Law 401 dated 13 December 1989)
- (r) **Tax offences (art. 25-quinquiesdecies of the Decree)**
 - (i) “Fraudulent declarations using invoices or other documents for non-existent transactions” (art. 2 Decree 74 dated 10 March 2000)
 - (ii) “Fraudulent declarations using other means” (art. 3 Decree 74 dated 10 March 2000)
 - (iii) “Untrue declarations” (art. 4 Decree 74 dated 10 March 2000)
 - (iv) “Failure to make declarations” (art. 5 Decree 74 dated 10 March 2000)
 - (v) “Issue of invoices or other documents for non-existent transactions” (art. 8 Decree 74 dated 10 March 2000)
 - (vi) “Hiding or destruction of accounting documents” (art. 10 Decree 74 dated 10 March 2000)
 - (vii) “Fraudulent avoidance of tax payments” (art. 11 Decree 74 dated 10 March 2000)
- (s) **“Contraband” (art. 25-sexiesdecies of the Decree)**
 - (i) “Contraband offences” (Pres. Decree 43 dated 23 January 1973)

- (t) **“Transnational crimes” (arts. 3 and 10, Law 146 of 16 March 2006)**
 - (i) “Criminal association” (art. 416 criminal code)
 - (ii) “Mafia-related associations” (art. 416-*bis* criminal code)
 - (iii) “Association for the illegal trafficking of narcotics or psychotropic drugs” (art. 74 Pres. Decree 309/90)
 - (iv) “Criminal association for the contraband of foreign processed tobaccos” (art. 291-*quater* Pres. Decree 43/73)
 - (v) “Inducement to not make declarations or to make false declarations to the judiciary” (art. 377-*bis* criminal code)
 - (vi) “Aiding and abetting” (art. 378 criminal code)
 - (vii) “Transportation in Italy of foreign citizens without a proper permit” (art. 12, paras. 3, 3-*bis* and 3-*ter*, Decree 286/1998)
 - (viii) “Aiding and abetting the stay in Italy of foreign citizens without a proper permit” (art. 12, para. 5, Decree 286/1998)

The above categories may be amended/supplemented by the introduction of additional envisaged offences as a consequence of future legislation.

2.4 **Benefit or interests of the organisation**

Pursuant to art. 5 of the Decree, the organisation can only be held responsible for the commitment of one of the offences expressly envisaged in art. 24 et seq. of the Decree, if the perpetrator of that offence acted in the interests or for the benefit of the organisation.

The terms "*interests*" and "*benefit*" must be considered separately, as the conjunction "*or*" unambiguously clarifies that the conduct can be attributed to the organisation if just one of the two requirements is satisfied¹.

Specifically:

- (a) “benefit” consists in the concrete acquisition of an economic advantage for the organisation;

¹ In this regard, the Supreme Court of Cassation has asserted that "*with regard to the responsibility of legal persons and companies for offences, the regulatory wording associating that responsibility with the “commitment of offences in their interests or for their benefit” does not contain a hendiadys, as the terms relate to concepts that differ in law, which distinguishes between an initial interest in obtaining improper enrichment, planned but not necessarily achieved, and a benefit objectively obtained from the commitment of an offence, even if not planned in advance, such that the interest and the benefit must be considered separately*" (Cass. Criminal Section II, no. 3614 dated 30 January 2006).

- (b) “interest”, on the other hand, merely involves the planning of unlawful conduct for the purpose of obtaining that advantage.

Ex adverso, the organisation is not responsible if the perpetrator acted "*solely in his/her own interests or that of third parties*" (art. 5, para. 2, of the Decree).

2.5 **Perpetrators of the offence: leaders of the organisation and persons subject to their management or supervision**

As mentioned above, the Company is deemed responsible for the commitment of any of the offences specifically envisaged by law, if it was carried out in its interests or for its benefit by either of two different categories of person:

- (a) by "*persons who represent, manage or direct the organisation or an organisational unit with financial and functional autonomy, as well as any persons who manage or control the organisation, whether formally or on a de facto basis*" (referred to as “leaders”);
- (b) by persons managed or supervised by one of the leaders referred to above (referred to as “subordinates”).

With regard to the former category, rather than presenting a comprehensive list, the legislator preferred broader wording based on a functional criterion, encompassing all persons at the top of the organisation who express its wishes in external relations and adopt business policies via the exercise of their management, control and supervisory powers.

In this context, the Decree references art. 2639 of the Italian Civil Code, which extends a more subjective definition of leadership solely to those who exercise powers typical of the function concerned on a continuous and significant basis.

The legislator also adopted a functional criterion with regard to the latter category, albeit applying it in the opposite direction: the persons identified are not those who exercise the powers of management, supervision and control indicated above, but rather those who are their subordinates.

2.6 **Offences committed abroad**

The Company may also be deemed responsible in Italy for offences committed abroad, not least to block easy avoidance of the entire regulatory framework.

The prerequisites for assigning responsibility to the Company for offences committed abroad comprise:

- (a) the offence must be committed abroad by a party functionally linked to the Company;
- (b) the Company must have its principal place of business in the territory of the Italian State;
- (c) the Company is only liable in the cases and on the conditions envisaged under Italian law;

- (d) failure by the country in which the deed was committed to pursue the offence independently.

2.7 System of penalties

Pursuant to art. 9 of the Decree, the following categories of penalty may be imposed on the organisation for administrative offences:

- (i) pecuniary penalties;
- (ii) suspensions;
- (iii) confiscation;
- (iv) publication of the ruling.

(a) Pecuniary penalties

In establishing the principles to be followed for determining the penalty, the Decree imposes a dual quantitative and qualitative limit via a system of quotas: in particular, a quota is established for each offence, which must necessarily fall within established minimum and maximum limits of between 100 and 1,000 quotas, each with a value of between 258 euro and 1,549 euro.

The magistrate must determine the pecuniary penalty with reference to the actual case, establishing for each occurrence of organisational responsibility both the number of quotas to be applied and the value of each quota; in substance, the penalty can therefore range from a minimum of 25,800 euro to a maximum of 1,549,000 euro.

The criteria for determining the number of quotas to charge as a pecuniary penalty (art. 11 of the Decree) comprise the seriousness of the deed, the extent to which the organisation can be held responsible and the action taken by it to prevent the commitment of further offences.

With regard to the value attributed to each quota, the economic and financial position of the Company is especially significant: this criterion, consistent with that envisaged in art. 133-*bis* of the criminal code, seeks to adapt the penalty to the specific circumstances and give the deterrent maximum effectiveness.

The penalty may be halved if:

- (i) the perpetrator committed the offence essentially in his/her own interests or those of third parties and the Company did not benefit as a result, or only benefited to a minimal extent;
- (ii) the financial loss caused was particularly low.

The penalty may be reduced by between one third and one half if:

- (i) the organisation has made good the loss in full and has eliminated the harmful or dangerous consequences of the offence or, in any case, has taken effective action in that direction;
- (ii) a suitable Model has been adopted and effectively implemented for the prevention of offences of the type committed.

If both the above conditions are satisfied, the penalty may be reduced by between one half and two thirds.

(b) Suspensions

These penalties, envisaged by art. 9, para. 2, of the Decree may involve:

- (i) ban on carrying out activities;
- (ii) suspension or revocation of the authorisations, licences or concessions needed in order to commit the offence;
- (iii) prohibition from entering into contracts with the Public Administration;
- (iv) exclusion from access to assistance, loans, grants or subsidies and the possible revocation of those already obtained;
- (v) prohibition from advertising goods or services.

By way of example, with reference to:

- offences against the Public Administration, in the event of sentencing for one of the offences identified in paras. 2 and 3 of art. 25 of the Decree, the suspensions envisaged in art. 9, para. 2, are applied for not less than four years and not more than seven years, if the offence was committed by one of the parties referred to in art. 5, para. 1.a), and for not less than two years and not more than four years, if the offence was committed by one of the parties referred to in art. 5, para. 1.b).

With reference to the offences referred to in paras. 2 and 3 of the Decree, if - prior to the ruling of the first-level court - the organisation has taken effective action to ensure that they do not lead to additional consequences, secure proof of the offences and identify those responsible, or seize the amounts or other benefits transferred, and has eliminated the organisational weaknesses that allowed the offences to occur by adopting and implementing organisational models capable of preventing them, the duration of the suspensions will be that established in art. 13, para. 2, of the Decree;

- the offences of fraud in sports competitions, unauthorised organisation of games, betting and gambling using forbidden equipment, in the event of sentencing for one of the offences indicated in para. 1.a) of art. 25-*quaterdecies* of the Decree, the suspensions envisaged in art. 9, para. 2, will be applied for not less than one year;

- tax offences, in the event of sentencing for one of the offences envisaged in paras. 1, 1-bis and 2 of art. 25-*quinquiesdecies* of the Decree, the suspensions envisaged in art. 9, para. 2, letters c), d) and e) will be applied;
- contraband, in the event of sentencing for one of the offences envisaged in paras. 1 and 2 of art. 25-*sexiesdecies* of the Decree, the suspensions envisaged in art. 9, para. 2, letters c), d) and e) will be applied.

Art. 13 of the Decree defines the two alternative prerequisites for which, if satisfied, the magistrate can apply the above measures. Specifically:

- (i) the organisation has profited significantly from the offence committed by its leaders or their subordinates when, in this last case, it was perpetrated or facilitated as a consequence of serious organisational weaknesses;
- (ii) in the case of repeat offences.

Without prejudice to the application of pecuniary penalties, the suspensions are not applied in the following circumstances:

- (i) the organisation has made good the loss in full and has eliminated the harmful or dangerous consequences of the offence or, in any case, has taken effective action in that direction;
- (ii) the organisation has eliminated the weaknesses that resulted in the offence, via the adoption and implementation of suitable organisational models for the prevention of offences of the type committed;
- (iii) the organisation has made the profits obtained available for confiscation.

These penalties may also be applied on a precautionary basis (art. 45 et seq. of the Decree), ahead of the definitive ruling on the actual responsibility of the Company, if the following conditions are satisfied:

- (i) serious evidence supports belief in the responsibility of the Company;
- (ii) specific, well-founded elements indicate a concrete risk that unlawful offences of the type challenged may be carried out.

Rather than apply a measure that would result in the suspension of activities, the magistrate may appoint a court commissioner pursuant to art. 15 of the Decree, for a period equal to the duration of the measure that would have been applied, if the organisation concerned provides a public service whose suspension would be seriously detrimental to the community, or if that suspension would have significant repercussions on employment.

(c) Publication of the ruling

This penalty may be applied to the Company if its activities are suspended.

The ruling is only published once, either as an extract or in full, in one or more newspapers specified by the magistrate in the ruling, and as a notice posted by the court records office in the municipality in which the principal offices of the organisation are located, at its expense (art. 18 of the Decree).

(d) Confiscation

The court ruling against the organisation always confiscates the proceeds or profit from the offence, except for the part that can be returned to the offended party. The rights acquired by third parties in good faith are protected in all cases. If confiscation is not possible, money, assets or other value equivalent to the proceeds or profit from the offence may be confiscated instead (art. 19 of the Decree).

2.8 Exclusion from responsibility

The Decree establishes two different prerequisites whose satisfaction enables the Company to avoid administrative responsibility. These differ depending on whether the perpetrator of the offence was a leader or a subordinate.

If the perpetrator of the offence was a leader, the organisation is not responsible if it can demonstrate:

- (a) adoption and effective implementation, prior to commitment of the offence, of a Model capable of preventing offences of the type committed;
- (b) delegation to an internal body, granted autonomous powers of action and control, of the tasks of supervising the functioning of and compliance with the Model and updating it (Supervisory Body);
- (c) that the persons committed the offence by fraudulently evading the Model;
- (d) that there was no failure to supervise or insufficient supervision by the Supervisory Body.

If the perpetrator of the offence was a subordinate, the Company is only responsible when its commitment was made possible by failure to comply with the management and supervision obligations; this hypothesis is deemed excluded if, prior to commitment of the offence, the organisation adopted and effectively implemented a Model capable of preventing offences of the type committed.

The Decree outlines the content of the Model, envisaging in art. 6, para. 2, that, with regard to the scope of the delegated powers and the risk of committing offences, the Model must:

- (a) identify the activities in the context of which offences may be committed;

- (b) establish specific protocols for planning the formation and implementation of decisions by the organisation with regard to the offences to be prevented;
- (c) identify suitable procedures for the management of the financial resources needed to prevent the commitment of offences;
- (d) establish reporting obligations for the Supervisory Body;
- (e) adopt a suitable disciplinary system for penalising failure to comply with the requirements of the Model;
- (f) establish a system of reporting as defined in para. 6.4.

The regulation then determines, in art. 7, para. 4, of the Decree, the requirements for effective implementation of the Model:

- (a) periodic verification and amendment of the Model, as necessary, when significant infringements of its requirements are discovered, or when there are changes in the organisation and/or activities of the business;
- (b) adoption of a suitable disciplinary system for penalising failure to comply with the requirements of the Model.

The Model therefore has a dual function: firstly, a preventive function, in that the commitment of offences is made more difficult by adopting the specific procedural precautions and controls envisaged therein; secondly, a protective function, consisting in the avoidance of consequences for the organisation if, nevertheless, envisaged offences are committed.

2.9 Guidelines issued by trade associations

On 7 March 2002 Confindustria approved the final text of its "Guidelines for the preparation of organisation, management and control models", which were subsequently updated in March 2014 and approved by the Ministry of Justice.

This Model has been prepared, *inter alia*, on the basis of those Guidelines. The approach used to prepare these Guidelines followed the risk assessment and risk management processes routinely applied by businesses, consisting in:

- (a) identification of the risks associated with the offences that may be committed;
- (b) design of a preventive control system involving the construction of a suitable system of organisation and the formalisation of procedures for certain activities;
- (c) adoption of a code of ethics and a system of disciplinary penalties for failure to comply with the measures envisaged in the 231 Model, in order to safeguard their effectiveness;

- (d) identification of criteria for selecting an internal control body with all necessary functions, tasked with supervising the application, adequacy and effectiveness of and compliance with the 231 Model (Supervisory Body).

The components of a preventive control system include:

- (a) the Code of Ethics;
- (b) a formalised and clear, internal system of organisation (assignment of responsibilities, employee incentive systems);
- (c) authorisation and signatory powers consistent with the organisational and operational responsibilities assigned;
- (d) defined procedures for the performance of activities, with appropriate control points (control procedures and documentation for each operation);
- (e) manual and IT procedures;
- (f) management control systems;
- (g) procedures for communicating with personnel;
- (h) procedures for training personnel.

These components of the control system must be founded on such principles as:

- (a) the verifiability, documentability, consistency and reasonableness of each operation;
- (b) the segregation of functions;
- (c) the documentation of controls;
- (d) the establishment of an adequate system of penalties for failure to comply with the measures envisaged in the 231 Model;
- (e) assurance in practice of the autonomy, independence, professionalism and continuity of the Supervisory Body.

3. **GOVERNANCE OF THE COMPANY**

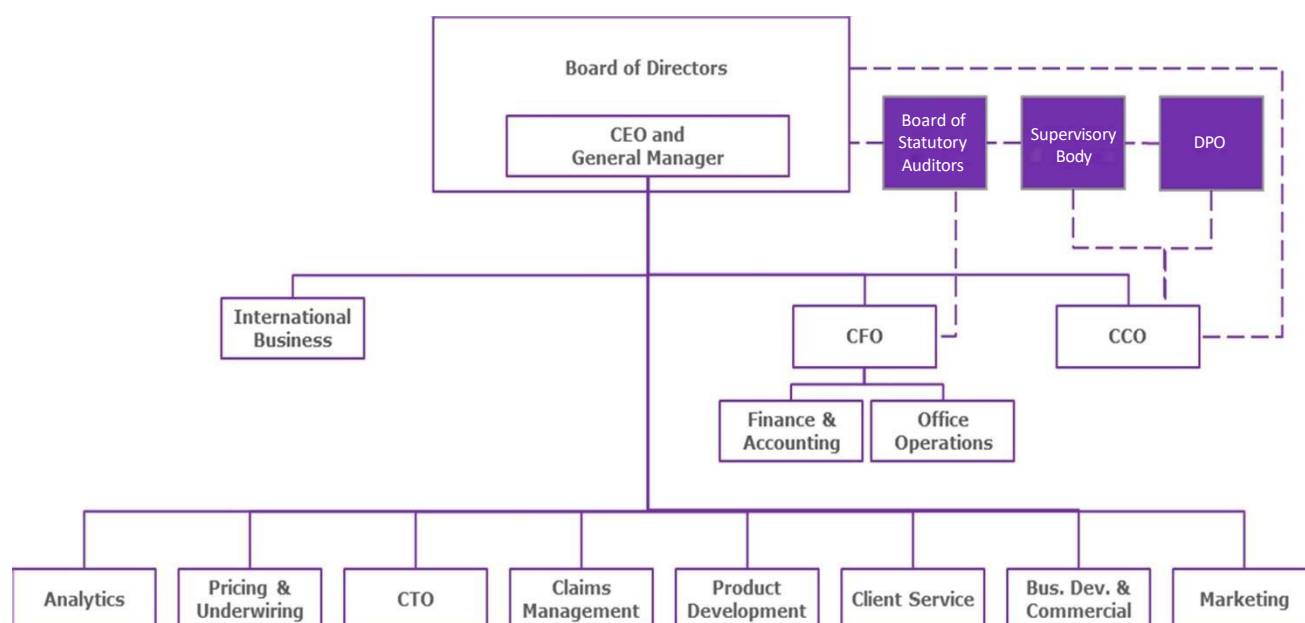
3.1 **The Company**

The Company was formed in 2015 as an on-line insurance agency, seeking to simplify the world of insurance and the daily interactions with customers. The Company specialises in distributing the third-party auto and motorcycle policies of Great Lakes Insurance SE and IptiQ EMEA P&C S.A., as well as policies in other sectors written by IptiQ EMEA P&C S.A. The Company is duly registered with the Combined Register of Insurance Intermediaries maintained by IVASS.

The system of corporate governance adopted by the Company comprises:

- (a) *Shareholders' Meeting*: responsible for resolving at ordinary and extraordinary meetings on the matters reserved by law for its attention.
- (b) *Board of Directors*: consisting of eight members and exercising the widest powers of ordinary and extraordinary administration, excluding those reserved by law for the Shareholders' Meeting.
- (c) *Board of Statutory Auditors*: corporate operations are checked by a Board of Statutory Auditors that has three serving members and three alternate members.
- (d) *Auditing firm*: appointed to perform the legal audit of the accounts.

The Company has the following organisational structure:



3.2 The business model

The Company carries out various activities, essentially in two phases:

- (a) Placement of insurance policies

First of all, the Company focuses on the sale of Property and Casualty (P&C) insurance policies and other related cover. The Company acts as an agent, since the policies are written by other insurance companies, being in particular Great Lakes Insurance SE and IptiQ EMEA P&C S.A. at this time. Sales are made on-line via the website of the

Company, as well as via brokers registered with the Combined Register of Insurance Intermediaries, with which the Company has signed horizontal collaboration agreements.

(b) After-sales services

The Company also offers various after-sales support services to customers. These services include the management and settlement of claims, part of which may be outsourced.

3.3 System of delegated powers and mandates

The level of autonomy, powers of representation and spending limits assigned to the various holders of delegated powers and mandates within the Company are always identified and fixed in a manner consistent with their hierarchical level, without exceeding those needed to perform the delegated tasks and duties. Pursuant to the system of delegated powers adopted by the Company, the power to represent the Company is delegated to individuals, as sole and/or joint signatories, in order to carry out specific activities (see the Chamber of Commerce Search for information identifying those activities).

3.4 Manual and IT procedures

As part of the system of organisation, the Company has adopted manual and IT procedures designed to govern the performance of business activities in compliance, inter alia, with the principles specified in the Guidelines.

In particular, the procedures already adopted (and subsequent additions and amendments) describe the rules of conduct that internal personnel must follow during the various processes, which include control points to ensure that business activities are carried out properly.

This way of working ensures compliance with the following principles:

- (a) facilitate the involvement of several persons in order to achieve an appropriate segregation of duties;
- (b) adopt measures to ensure that each operation, transaction and action is verified, documented, fair and reasonable;
- (c) document the control steps carried out in relation to each operation and/or action performed.

The procedures are disseminated among the functions concerned via both specific communications and training, when necessary or appropriate; in addition, they are collected together and made available to all personnel by publication on the corporate intranet and/or distribution of the related documentation/manuals.

4. PREPARATION OF THE MODEL

4.1 Project implemented by the Company

In order to ensure ever greater propriety and transparency in the management of its activities, the Company considered it appropriate to update the Model that, together with the Guidelines, the organisational procedures and the other policies and instructions issued by the Company, represents the programme needed to prevent effectively and identify any and all infringements of the law.

The consultants appointed for this purpose have regularly presented the project to top management for periodic progress checks, sharing the results of their analyses and obtaining indications and suggestions about any issues identified.

4.2 Functions and objectives of the Model

The purpose of the Model is to formalise procedures for activities exposed to the risk of committing an offence (especially one of the envisaged offences), in order to prevent any occurrences.

The function of the Model is therefore to:

- (a) identify the activities carried out by each function that, given their nature, might involve the risk of an offence pursuant to the Decree;
- (b) analyse potential risks in terms of how the related offences might be committed in the internal and external contexts in which the Company operates;
- (c) assess the existing system of preventive controls and adjust it to ensure that the risk of committing offences is reduced to an “acceptable level”, i.e. suitable for preventing commitment of one of the offences envisaged in the Decree by Company leaders and/or their subordinates;
- (d) define a system of rules for general conduct, as well as specific organisational procedures that govern activities in the so-called sensitive sectors;
- (e) define a system of powers of authorisation that provides a precise and transparent view of how decisions are made and implemented;
- (f) define a system of controls capable of reporting promptly on the existence or emergence of any general and/or specific issues;
- (g) define a system of communications and training for personnel that ensures awareness of the Code of Ethics, the powers of authorisation, the hierarchical levels within the organisation, the procedures and information flows, and all else that contributes to the transparency of activities;

- (h) establish a Supervisory Body with the specific task of monitoring the adequacy, effectiveness and update of the Model;
- (i) define a system of penalties for infringing the provisions of the Code of Ethics, the procedures adopted by the Company and individual companies, and the protocols envisaged in the Model.

The purpose of adopting and implementing the Model is not only to allow the Company to benefit from the exemption envisaged in art. 6 of the Decree, but also and, indeed, primarily, to improve its system of internal control and thus limit significantly the risk of committing the offences envisaged in that Decree.

Together with the Code of Ethics, the Model provides a tool for building the awareness of all stakeholders in the Company, ensuring their full knowledge of the seriousness of committing an offence and the significant criminal penalties for doing so, not only for them, but also for the Company, while enabling the latter to act swiftly and effectively should such situations arise.

4.3 Activities

The Company has launched a project to prepare the Model and, for that purpose, has carried out a series of activities, organised into phases, in preparation for the development of a system that prevents and manages risk.

The phases in the activities that resulted in identifying the areas at risk, used subsequently as a basis for preparing the Model, are summarised below.

| <i>Phases</i> | <i>Activity</i> | | | | |
|---|--|----------|---------|---|---|
| <i>Preliminary activity</i> | <p><i>Project launch</i></p> <p>Presentation of the plan of activities to the General Manager</p> | | | | |
| <i>Phase 1</i> | <p><i>Analysis of corporate processes</i></p> <table> <tr> <td>Activity</td><td>Results</td></tr> <tr> <td> <ul style="list-style-type: none"> ■ Collection and analysis of internal documentation, including but not limited to: <ul style="list-style-type: none"> ○ Organisation chart ○ Business policies ○ Assessment of risks ○ Injury statistics </td><td> <ul style="list-style-type: none"> ■ Sensitive activities given the types of offence concerned and related key officers (defined in para. 4.4 below) ■ Managerial and operational procedures and control mechanisms </td></tr> </table> | Activity | Results | <ul style="list-style-type: none"> ■ Collection and analysis of internal documentation, including but not limited to: <ul style="list-style-type: none"> ○ Organisation chart ○ Business policies ○ Assessment of risks ○ Injury statistics | <ul style="list-style-type: none"> ■ Sensitive activities given the types of offence concerned and related key officers (defined in para. 4.4 below) ■ Managerial and operational procedures and control mechanisms |
| Activity | Results | | | | |
| <ul style="list-style-type: none"> ■ Collection and analysis of internal documentation, including but not limited to: <ul style="list-style-type: none"> ○ Organisation chart ○ Business policies ○ Assessment of risks ○ Injury statistics | <ul style="list-style-type: none"> ■ Sensitive activities given the types of offence concerned and related key officers (defined in para. 4.4 below) ■ Managerial and operational procedures and control mechanisms | | | | |

| <i>Phases</i> | <i>Activity</i> | | | | |
|---|--|----------|---------|---|---|
| | <ul style="list-style-type: none"> ○ Appointments and delegated powers ○ Interviews with management ■ Check on the applicability of the Model to the various types of offence | | | | |
| <i>Phase 2</i> | <p style="text-align: center;"><i>Assessment of risks</i></p> <table> <tr> <th>Activity</th><th>Results</th></tr> <tr> <td> <ul style="list-style-type: none"> ■ Historical analysis of significant events linked to application of the Model ■ Formalisation of the mapping of risks </td><td> <ul style="list-style-type: none"> ■ Control mechanisms implemented for each sensitive activity ■ Mapping and assessment of risks </td></tr> </table> | Activity | Results | <ul style="list-style-type: none"> ■ Historical analysis of significant events linked to application of the Model ■ Formalisation of the mapping of risks | <ul style="list-style-type: none"> ■ Control mechanisms implemented for each sensitive activity ■ Mapping and assessment of risks |
| Activity | Results | | | | |
| <ul style="list-style-type: none"> ■ Historical analysis of significant events linked to application of the Model ■ Formalisation of the mapping of risks | <ul style="list-style-type: none"> ■ Control mechanisms implemented for each sensitive activity ■ Mapping and assessment of risks | | | | |
| <i>Phase 3</i> | <p style="text-align: center;"><i>Gap analysis and action plan</i></p> <table> <tr> <th>Activity</th><th>Results</th></tr> <tr> <td> <ul style="list-style-type: none"> ■ Identification of additional control mechanisms, or improvements to existing mechanisms, in order to reduce the risks identified to an acceptable level ■ Identification of the regulatory and/or organisational tools needed to implement the control mechanisms identified (e.g. introduction of a matrix of spending authorisation powers, introduction of a system for whistleblowing etc.) ■ Prioritisation and definition of an action plan </td><td> <ul style="list-style-type: none"> ■ List of necessary adjustments ■ Action plan explained to the Company, with implementation via the preparation of Procedures and Guidelines </td></tr> </table> | Activity | Results | <ul style="list-style-type: none"> ■ Identification of additional control mechanisms, or improvements to existing mechanisms, in order to reduce the risks identified to an acceptable level ■ Identification of the regulatory and/or organisational tools needed to implement the control mechanisms identified (e.g. introduction of a matrix of spending authorisation powers, introduction of a system for whistleblowing etc.) ■ Prioritisation and definition of an action plan | <ul style="list-style-type: none"> ■ List of necessary adjustments ■ Action plan explained to the Company, with implementation via the preparation of Procedures and Guidelines |
| Activity | Results | | | | |
| <ul style="list-style-type: none"> ■ Identification of additional control mechanisms, or improvements to existing mechanisms, in order to reduce the risks identified to an acceptable level ■ Identification of the regulatory and/or organisational tools needed to implement the control mechanisms identified (e.g. introduction of a matrix of spending authorisation powers, introduction of a system for whistleblowing etc.) ■ Prioritisation and definition of an action plan | <ul style="list-style-type: none"> ■ List of necessary adjustments ■ Action plan explained to the Company, with implementation via the preparation of Procedures and Guidelines | | | | |
| <i>Phase 4</i> | <p style="text-align: center;"><i>Preparation of the Model</i></p> <table> <tr> <th>Activity</th><th>Results</th></tr> <tr> <td> <ul style="list-style-type: none"> ■ Preparation of the Model based on the results of the previous phases, market benchmarks and best practices. </td><td> <ul style="list-style-type: none"> ■ Approval of the Model by the Board of Directors </td></tr> </table> | Activity | Results | <ul style="list-style-type: none"> ■ Preparation of the Model based on the results of the previous phases, market benchmarks and best practices. | <ul style="list-style-type: none"> ■ Approval of the Model by the Board of Directors |
| Activity | Results | | | | |
| <ul style="list-style-type: none"> ■ Preparation of the Model based on the results of the previous phases, market benchmarks and best practices. | <ul style="list-style-type: none"> ■ Approval of the Model by the Board of Directors | | | | |

4.4 Project launch and analysis of the organisational and control structure

After initial planning and presentation of the project outline to the Company, the structure of the Company and its organisational and control framework were analysed, in order to check the consistency of the principal organisational elements addressed.

This analysis included examination of:

- (a) the organisational structure of the Company;
- (b) the descriptions of the activities, roles and responsibilities of all principal organisational units;
- (c) the existing segregation of duties;
- (d) the procedures for assigning delegated powers and mandates;
- (e) the existing approach to the preparation and dissemination of procedures within the Company, and consequent identification of any missing procedures considered essential for the proper functioning of the Model.

Subsequently, preliminary interviews were held with the leaders of the main organisational units, in order to identify the principal sensitive activities (hereinafter, "Key Officers") and, in detail, the principal areas of activity at risk, the support processes and the contact persons directly involved.

4.5 Identification of the processes and activities in the context of which offences may be committed

Following analysis of the context in which the Company operates and the activities potentially at risk, solely the offences listed in the protocols specified in the respective Special Parts, to which reference is made for details, were deemed significant enough for examination in the Model.

In particular, these comprise:

- (a) Offences against the Public Administration;
- (b) Offences against the Administration of Justice;
- (c) IT crimes and unlawful data processing;
- (d) Organised crimes and transnational profiles;
- (e) Falsification;
- (f) Offences against trade and industry;

- (g) Infringement of authorship rights;
- (h) Corporate offences;
- (i) Crimes committed for the purpose of terrorism or the subversion of democratic order;
- (j) Crimes against personal liberty;
- (k) Manslaughter or serious or very serious personal injuries caused negligently in violation of the occupational health and safety regulations;
- (l) Receiving, recycling and use of money, assets or benefits deriving from illegal sources; self-recycling;
- (m) Infringements of the regulations governing authorship rights;
- (n) Environmental offences;
- (o) Employment of foreign citizens without a proper permit;
- (p) Racism and xenophobia;
- (q) Tax offences.

Given the type of business carried out by the Company and practical assessment of each type of offence envisaged in the Decree, the Company considers negligible and virtually non-existent the risk of offences linked to the other offences envisaged in the regulations.

The activities identified as sensitive were then associated with the Key Officers, so that targeted interviews could be carried out for the collection of adequate information.

4.6 Interviews with Key Officers

The objective of the interview was, for each of the sensitive activities identified in the earlier phases, to check on the existence of procedures/controls capable of preventing the commitment of offences.

The interviews also sought to identify any other sensitive activities, additional to those found during the earlier phases.

The interview methodology involved:

- (a) preliminary analysis by the interviewers of the principal procedures and internal regulations, if any, relevant to the areas analysed;
- (b) examination of the operating procedures, if any, prepared by the Company and their update by discussion with the persons responsible for the activities described in them;

- (c) preparation of minutes for the more significant interviews, confirming the sensitive activities for which the interviewee was responsible, as well as the validity and effectiveness of the controls, if any, governing those activities.

4.7 **Summary of results and gap analysis**

The final results of the analysis were summarised in this phase, covering the sensitive activities, processes and controls, as well as the improvements needed in order to deal with any issues identified (gap analysis).

These results were drawn to the attention of top management and examined by them, before inclusion in the documentation used to explain the Model.

4.8 **Preparation of the documentation**

The documentation used to explain the Model adopted by the Company was finalised during the last phase, ready for approval by the Board of Directors (subject to periodic review and update following changes in the organisation or activities of the Company, or relevant new legislation). The Procedures and Guidelines that are an integral part of the Model were also prepared at this time.

5. **STRUCTURE OF THE MODEL**

5.1 **Elements of the Model**

The Company has sought to prepare a Model that, based on its experience and indications drawn from the relevant jurisprudence, establishes adequate safeguards against the risk of committing offences, consistent with the system of governance and ethical values that have always underpinned the activities of the Company.

The Model prepared following the activities described above comprises:

- (a) a **General Part** defining the general principles followed by the Company in the management of its activities, which therefore apply to the Company as a whole and not just when carrying out activities at risk.

This Part includes, directly or as attachments, the following elements that are an integral part of the document:

- (i) Organisation chart of the Company (Attachment 1);
 - (ii) Code of Ethics (Attachment 2).
- (b) several **Special Parts** for specific types of offence, which map the sensitive activities and describe the assessment/creation/enhancement of the system of preventive controls, as well as the related specific protocols.

Their function is to:

- (i) identify, where possible, the envisaged offences by family of offence;
- (ii) list the sensitive activities pursuant to the Decree;
- (iii) identify the system of controls with particular reference to:
 - (A) the principles of conduct;
 - (B) the general control protocols;
 - (C) the specific control protocols that reference the Procedures and Guidelines prepared for the purposes envisaged in the Model and the Decree;
- (iv) identify the information flows to the Supervisory Body.

There are ten special parts:

- (i) Special Part I: Offences against the Public Administration (**PA**); Offences against the Administration of Justice (**AG**);
- (ii) Special Part II: IT crimes and unlawful data processing (**IT**);
- (iii) Special Part III: Organised crimes (and transnational profiles) (**CR**); Crimes for the purpose of terrorism or the subversion of democratic order (**TR**);
- (iv) Special Part IV: Falsification of recognisable signs (**FL**); Offences against trade and industry (**IE**); Infringement of authorship rights (**AT**);
- (v) Special Part V: Corporate offences (**SOC**);
- (vi) Special Part VI: Crimes against personal liberty (**PI**); Racism and xenophobia (**RX**);
- (vii) Special Part VII: Manslaughter or serious or very serious personal injuries caused negligently in violation of the occupational health and safety regulations (**SSL**);
- (viii) Special Part VIII: Receiving, recycling and use of money, assets or benefits deriving from illegal sources; self-recycling (**RR**);
- (ix) Special Part IX: Environmental crimes (**AMB**);
- (x) Special Part X: Employment of foreign citizens without a proper permit (**IMP**);
- (xi) Special Part XI: Tax offences (**TRIB**).

- (c) all the Procedures and Guidelines adopted by the Company are an essential and integral part of this Model, representing safeguards against the risk of offences, and have been addressed specifically in the information and training provided to the Recipients with reference to the functions they perform.

Accordingly, the Model has been organised in a manner that enables it be updated in a straightforward and effective manner. In particular, while the General Part contains principles that are unlikely to change much, the Special Parts are by contrast likely to change periodically, given the nature of the subject matter.

In addition, it may be necessary to supplement the Model due to the dynamics of the Company or legislative changes, such as extension of the types of offence included in or linked to application of the Decree.

Given the above, the Supervisory Body is tasked with adopting all necessary measures so that the Board of Directors of the Company can make the updates and additions required from time to time.

5.2 System of organisation and authorisation

(a) System of organisation

The system of organisation must be sufficiently formalised and clear, especially with regard to the assignment of responsibilities, the definition of hierarchical reporting lines and the description of duties, with the inclusion of specific principles of control.

The organisational structure of the Company is formalised and presented graphically in an organisation chart (Attachment 1), which defines clearly the hierarchical lines of authority and the functional links between the various roles comprising the structure. This ensures that operations are managed in accordance with the strategic objectives established by the top management of the Company.

(b) System of authorisation

The authorisation and signatory powers assigned must be consistent with the related organisational and operational responsibilities, including clear indication where necessary of thresholds for the approval of expenses, especially with regard to those activities considered at risk of offences.

The authorisation and signatory powers assigned by the Company are consistent with the organisational and operational responsibilities, and indicate thresholds for the approval of expenses.

5.3 Principles of control

Using this Model, the Company has initiated the process of implementing a new system of controls founded on the principles discussed below.

The following principles of control must underpin the management of all the sensitive activities identified, as contained in the *mapping of risks*, and all internal processes:

- (a) ensure integrity and the ethical conduct of activities via the adoption of suitable rules of conduct for each specific activity considered to be at risk of offences;
- (b) identify each corporate function involved in the activities at risk;
- (c) assign decision-making responsibilities in a manner consistent with the degree of responsibility and authority granted;
- (d) define, assign and communicate properly the powers of authorisation and signature, including clear indication where necessary of thresholds for the approval of expenses so that no-one is granted unlimited discretionary powers;
- (e) ensure the segregation of duties in the management of processes/activities, arranging to assign to different persons the crucial phases in each, being in particular:
 - (i) authorisation;
 - (ii) execution;
 - (iii) control.
- (f) govern each activity at risk using specific protocols that include appropriate control points (checks, reconciliations etc.);
- (g) ensure the verifiability, documentation, consistency and reasonableness of each operation or transaction. For this purpose, the traceability of the activity must be guaranteed by suitable documentary support that can be checked at any time. Accordingly, it should be easy to identify the following for each operation:
 - (i) who authorised the operation;
 - (ii) who carried it out;
 - (iii) who recorded it;
 - (iv) who checked it.

The traceability of operations is assured with a higher degree of certainty via the use of IT systems;

- (h) ensure that the checks carried out are documented; for this purpose, the procedures followed must make it possible to repeat them, so that the reasonableness of the methodologies adopted and the accuracy of the results obtained can be assessed.

Reference was made to these principles of control when preparing the internal procedures.

5.4 System for managing cash flows

Art. 6, para. 2.c), of the Decree requires Models to identify "*suitable procedures for the management of the financial resources needed to prevent the commitment of offences*". The reason for this requirement is that many of the envisaged offences can be committed using the cash flows of the Company (e.g. by establishing off-book funds in order to engage in corruption).

The Guidelines recommend the adoption of mechanisms for formalising the decision-making process, so that the documented phases can be checked in order to prevent the improper use of cash flows.

Again on the basis of the principles indicated in the Guidelines, the system of control over administrative processes, including in particular the management of cash flows, is founded on the segregation of duties in the key phases of the process. This segregation must be formalised adequately, ensuring the traceability of the deeds and authorisation levels associated with each operation.

In particular, the following specific checks must cover:

- (a) assignment of different persons to carry out the various phases/activities involved in each process;
- (b) preparation and authorisation of proposed payments to settle duly formalised obligations;
- (c) execution of the payment;
- (d) reconciliation of completed transactions;
- (e) existence of authorisation levels for proposed payments that take account of the nature of the operation (routine/special) and the amount;
- (f) systematic reconciliation of internal accounts and relations with banks with the accounting records;
- (g) traceability of the deeds and documents that gave rise to each payment.

5.5 General Prevention Principles and Protocols

(a) General Prevention Principles

The system of protocols for the prevention of offences was established by applying to each sensitive activity the following General Prevention Principles that underpin the General Prevention Protocols described in the next section, as well as the Prevention Controls envisaged in each Special Part:

- (i) **formalisation:** existence of internal instructions and formalised protocols that establish principles of conduct and operating procedures for the performance of sensitive activities, as well as for the filing of important documents;
 - (ii) **traceability:** 1) each operation relating to sensitive activities must be adequately documented whenever possible; 2) the process of deciding, authorising and performing the sensitive activities must be verifiable *ex post*, not least by reference to specific supporting documentation;
 - (iii) **segregation of duties:** application of the principle of segregation of duties among those who authorise, carry out and check transactions. This segregation is assured by the work of several persons within a given internal macro process, in order to guarantee independence and objectivity;
 - (iv) **delegated powers and mandates:** the authorisation and signatory powers assigned must be: 1) consistent with the organisational and operational responsibilities defined, including indication where necessary of thresholds for the approval of expenses; 2) clearly defined and known within the Company. Roles must be defined within the Company with the power to commit the Company to certain expenditures, specifying the limits on and nature of those expenses. The assignment of functions must comply with any specific legal requirements (e.g. the mandate in relation to occupational health and safety matters);
 - (v) **Code of Ethics:** activities must be carried out in compliance with the principles embodied in the Code of Ethics.
- (b) General Prevention Protocols

In the context of the sensitive activities identified for each type of offence (see the Special Parts of this Model), the General Prevention Protocols envisage that:

- (i) all Company operations, decision-making and implementation must comply with the principles and instructions specified in laws, the memorandum and articles of association, the Code of Ethics and established procedures, as applicable;
- (ii) suitable internal instructions must be defined and communicated properly in order to establish principles of conduct and operating procedures for the performance of sensitive activities, as well as for the filing of important documents;
- (iii) for all operations:
 - (A) responsibilities for their management, coordination and control within the Company must be described and formalised, together with the related hierarchical levels;

- (B) the phases involved in preparing the related deeds and levels of authorisation must always be documented, so that they can be reconstructed;
 - (C) the Company must ensure that the signatory powers granted are communicated properly, so that they are known within the organisation;
 - (D) the assignment and exercise of powers in the context of each decision-making process must be consistent with the responsibilities of the persons concerned, as well as with the importance and sensitivity of the underlying economic transactions;
 - (E) access to Company data is compliant with Decree 196/2003, as amended, and Regulation (EU) 2016/679 on the protection of personal data;
 - (F) access to and the processing of Company data is restricted solely to authorised persons;
 - (G) the confidentiality of data transmissions must be guaranteed;
 - (H) the documents relating to the decisions made and their implementation must be filed and retained by the competent function, in a manner that does not allow their subsequent amendment unless duly evidenced;
 - (I) access to filed documents is restricted solely to persons authorised in accordance with internal regulations.
- (c) General principles for the control standards relating to sensitive activities at risk of criminal offences

The general control standards underpinning the tools and methodologies used to structure the specific controls implemented are summarised below:

- (i) **System of organisation sufficiently updated, formalised and clear:** the standard refers to the assignment of responsibilities, the definition of hierarchical reporting lines and the description of duties, with specific reference to such control principles as the allocation of duties among functions. The system of organisation must dedicate attention to the systems for rewarding employees: these are necessary in order to guide the activities of operational and managerial personnel towards the achievement of business objectives. However, if based on obviously unjustified and unachievable performance targets, these might provide a veiled incentive to commit certain of the offences envisaged in the Decree.
- (ii) **Manual and IT procedures (systems):** the standard makes reference to the use of procedures for the performance of activities, requiring the existence of suitable control points (reconciliations, collection of information about certain parties, such as agents, consultants and intermediaries). It is appropriate to evaluate over time the segregation of duties within each process at risk, checking that corporate

procedures and/or operational practices are updated periodically and take into constant consideration any changes or innovations in the business processes or system of organisation.

- (iii) **Authorisation and signatory powers:** the standard requires these powers to be assigned in a manner consistent with the organisational and operational responsibilities defined. Certain functions may be delegated to someone other than the person originally designated. It is necessary, first of all, to define clearly and unambiguously the corporate profiles entrusted with the management of and responsibility for activities at risk, having regard for possible challenges to the mandates granted to third parties. The delegation of powers must represent the most effective way to comply with the legal obligations imposed on complex organisations, rather than a facile transfer of responsibility. For this purpose, it may be useful to specify precisely the thresholds for the approval of expenditure by the authorised person. It is also important to establish a consistent and integrated system that encompasses all the powers delegated and mandates granted (including those covering accident prevention and environmental matters), which must be updated periodically to take account of regulatory amendments, as well as changes to the system of organisation adopted by the Company. It would also be appropriate to document formally the system of delegated powers and mandates, thus facilitating any necessary ex-post reconstructions.
- (iv) **Integrated control systems:** the standard requires these systems to consider all operating risks, especially those relating to the possible commitment of envisaged offences, so that any existing or new, general and/or specific issues can be flagged on a timely basis. It is necessary to define suitable indicators for each type of risk identified and for the risk assessment processes carried out within each business function.
- (d) General principles for the control standards relating to sensitive activities at risk of offences caused by negligence in the areas of occupational health and safety and the environment.
 - (i) **Organisational structure:** with reference to offences in the area of occupational health and safety, the organisational structure must formally define the related tasks and responsibilities in a manner consistent with the organisational and functional layout of the business.

A set of functions must be identified with adequate technical skills and the powers needed to assess, manage and control the health and safety risks faced by workers (art. 30, para. 3, of Decree 81/2008).

The complexity of the functions will depend on the nature and size of the business and the characteristics of its activities.

To ensure that the work of these functions is carried out in an effective and appropriate manner, they may be delegated in compliance with the limits and requirements envisaged in arts. 16 and 17 of Decree 81/2008.

Special attention must be paid to the specific roles active in this context (Prevention and Protection Manager (RSPP), Prevention and Protection Operator (ASPP), Company Doctor, if appointed, and, again if appointed, Workers' Safety Representative (RLS), first-aid operators and emergency fire fighters).

In substance, this requirement means:

- (A) detailing the tasks of the top managers, executives, responsible managers and workers, the RSPP, the Company Doctor and all other persons active in the Company and envisaged in Decree 81/2008, concerning safety-related activities, their respective duties and the related responsibilities;
- (B) documenting, in particular, the duties of the RSPP and any employees assigned to that office, the RLS, the emergency teams and the Company Doctor.

In order to prevent environmental offences, the organisation must establish specific operating procedures that manage effectively the environmental risks that might result in commitment of the offences envisaged in art. 25-*undecies* of the Decree.

Among the numerous initiatives and measures required, it is necessary to:

- (A) formalise procedures for and monitor the assessment of environmental risks, having regard for the regulatory framework and the naturalistic-environmental context in which the business is active;
- (B) formalise appropriate organisational instructions identifying those responsible for compliance with the environmental regulations and those operationally responsible for managing environmental matters, having regard for the above risk assessment;
- (C) formalise and monitor the planning and recording of expenditure in the environmental area, as well as the qualification, evaluation and monitoring of suppliers (e.g. laboratories appointed to analyse and classify waste, as well as take, analyse and monitor environmental samples; transport and waste disposal firms; intermediaries engaged for waste management activities);
- (D) ensure update of the Model to reflect the complex and constantly changing regulations that govern environmental offences.

With particular reference to the functional powers delegated, it is necessary to note that, by contrast with those governed by Decree 81/2008, those addressing the “environmental” area are not codified. Accordingly, reference must be made to the jurisprudence and the rulings on legitimacy (see Court of Cassation, Criminal Section III, 12 October 2009, no. 39729), which clarify the separate nature of the environmental powers delegated with respect to those governing accident-prevention matters, requiring the content of the delegated powers to be clear and unambiguous and refer specifically to the measures taken to comply with the environmental regulations.

In this regard, the latest jurisprudence accepts the validity of “environmental mandates” if the following conditions are satisfied: (i) specific and unambiguous indication of the powers delegated; (ii) size of the business (a complex organisation cannot avoid making recourse to them); (iii) technical ability and suitability of the appointed person; (iv) autonomy (operational and financial) and effective powers of the appointed person; (v) express acceptance of the mandate.

The principles recognised by the jurisprudence in relation to the delegation of functions also apply in this sector: top management will inevitably be involved if there are structural weaknesses but, at the same time, cannot be held responsible a priori for failure to exercise control, which must be checked in context with reference to the organisation of the business, the type of mandate and the objections raised.

- (ii) **Communication and involvement:** the circulation of information within the Company is important, facilitating the involvement of all persons involved and ensuring appropriate awareness and commitment at all levels.

With reference to occupational health and safety, involvement should be achieved via:

- (A) advance consultations with the RLS, if any, and the Company Doctor, if appointed, on the identification and assessment of risks and the determination of preventive measures;
- (B) periodic meetings that not only take account of current legislative requirements, but also of the reports received from workers and the operational needs and issues encountered.

With reference to environmental offences, communications with the persons concerned and their involvement should be achieved by holding periodic meetings with all relevant roles in order to check on the proper management of environmental matters, following which the outcomes (e.g. actions, environmental incidents and near incidents) should be communicated adequately within the organisation and, therefore, to the workers as well.

- (iii) **Operational management:** the system of control should be integrated and consistent with the overall management of all corporate processes.

Analysis of the corporate processes, their interrelations and the results of the risk assessment (whether regarding occupational health and safety or environmental risks) results in the definition of procedures for the proper performance of those activities with the greatest impact on these matters.

After identifying the action areas associated with occupational health and safety and environmental matters, the Company must ensure their operational implementation. In this regard, special attention must be given to:

- (A) the hiring and qualification of personnel;
- (B) the organisation of work (and workstations that satisfy occupational health and safety standards);
- (C) the purchase of goods and services used by the Company and the provision of appropriate information to suppliers and contractors;
- (D) routine and special maintenance;
- (E) the selection and qualification of suppliers and contractors;
- (F) the management of emergencies;
- (G) procedures for tackling departures from the established objectives and rules of the control system.

In addition to the above indications, the model for preventing and managing the risk of environmental offences should also identify, based on the results of the risk analysis, appropriate measures to prevent, protect against and mitigate the risks identified. Similarly, importance is attached, for example, to all aspects of the management of corporate fleets (vehicles, boats, aircraft etc.), installations that contain ozone-depleting substances, and the treatment and disposal of special or even hazardous waste, which must be governed by specific internal protocols that guide the work of operators in accordance with the complex regulations in force (e.g. compliance with restrictions on the time, volume and physical space dedicated to the temporary storage of materials for disposal; checks to be carried out on access by third-party transportation and waste disposal personnel).

Again with regard to the management and disposal of waste, special attention must be dedicated to checking - both at the contractual stage, with the inclusion of specific precautionary clauses, and during performance of the work - the suppliers to which those activities are entrusted.

Lastly, certain aspects of environmental protection clearly also apply to other, similar areas at risk considered in relation to occupational health and safety (e.g. the management of emergencies, maintenance etc.). Accordingly, the internal controls implemented in this regard may benefit from synergies by covering both areas of concern.

- (iv) **Monitoring system:** The management of occupational health and safety should include a phase during which the risk prevention and protection measures adopted are checked and found suitable and effective. The technical, organisational and procedural prevention and protection measures implemented by the Company should be monitored on a regular basis.

The monitoring plan should envisage:

- (A) scheduling of checks (frequency);
- (B) assignment of tasks and executive responsibilities;
- (C) description of the methodologies to be followed;
- (D) procedures for reporting any anomalous situations.

These measures should be monitored systematically and the related procedures and responsibilities should be established at the same time as those determined for operational management purposes.

6. SUPERVISORY BODY

6.1 Purpose and scope of application

Art. 6.b) of the Decree requires the organisation to establish an internal body with autonomous powers of action and control (Supervisory Body), tasked with supervising the functioning of and compliance with the Model and with updating it;

Each member of the Supervisory Body must possess the skills and qualifications needed to fulfil the duties and tasks assigned to that Body in the Model, and must satisfy the following conditions/requirements:

- (a) autonomy and independence;
- (b) adequate experience of corporate governance matters;
- (c) good reputation;
- (d) continuity, i.e. continuous presence and participation in the activities for the entire duration of the mandate.

Members of the Supervisory Body are considered ineligible and unsuitable and, accordingly, must be dismissed if already appointed, in the following cases:

- (a) sentenced
 - (i) to imprisonment for any of the crimes or administrative offences envisaged in the Decree;
 - (ii) to imprisonment for at least one year for any crime not attributed to simple negligence;
 - (iii) to imprisonment for any of the offences envisaged in Title XI of Book V of the Italian Civil Code, as amended by the provisions of Decree 61/2002;
 - (iv) to temporary or permanent exclusion from public office, or temporary exclusion from the top management of legal persons and firms;
- (b) to definitive application of any of the preventive measures envisaged in art. 10, para. 3, of Law 575/1965, as replaced by art. 3 of Law 55 dated 19 March 1990, as amended;
- (c) to prohibition, disqualification or bankruptcy.

Members of the Supervisory Body may only be dismissed by the Board of Directors in the following cases:

- (a) serious deficiencies in the performance of their activities or infringements of the Regulation, including infringement of the confidentiality requirements governing news and information obtained as a consequence of the mandate held;
- (b) emergence of a reason for ineligibility that existed prior to their appointment to the Supervisory Body.

The mandates of members of the Supervisory Body lapse if they become personally subject to precautionary measures.

Members of the Supervisory Body may be suspended from their duties if registered as a person under investigation by the competent judicial authorities.

Each member of the Supervisory Body must inform the Board of Directors promptly about any circumstances that would require the replacement of another member of the Supervisory Body.

Should the mandates of the majority of the members of the Supervisory Body lapse, all members of the Supervisory Body will cease to serve.

The Board of Directors must replace lapsed members as soon as possible and, in all cases, within one month.

Before appointing new members, the Company must check that they satisfy the requirements of the Model, in addition to those specified by the law and regulations.

6.2 Composition of the Supervisory Body

The Supervisory Body of Prima is appointed by the Board of Directors and may comprise a board with three members, or have just one external member.

Each member of the Supervisory Body must possess the skills and professional qualifications needed to fulfil the duties and tasks assigned to that Body by the Company.

The members of the Supervisory Body remain in office for the period determined by the Board of Directors.

On appointment of the members (if a board is established), the Board of Directors will also appoint a Chairman with responsibility for:

- (a) calling and directing the meetings of the Supervisory Body;
- (b) coordinating and managing relations between the Supervisory Body and the Board of Directors.

The Chairman serves on the Supervisory Body from the date of appointment until expiry of the mandate granted.

The Supervisory Body (if a board is established) identifies from among its members, the employees or the consultants of the Company, a person responsible for preparing the minutes of the meetings of the Supervisory Body, for preparing and processing the documentation submitted to that Body for decision-making purposes, and for carrying out tasks relating to the organisation of the Supervisory Body.

6.3 Tasks and activities of the Supervisory Body

The tasks of the Supervisory Body include:

- (a) promoting and supervising the dissemination of and awareness about the Model, and implementation of the personnel training plan by ensuring the training of Recipients (as defined in the Model);
- (b) reporting to the Board of Directors on any infringements of the Model and/or current regulations that become known while carrying out the above tasks;
- (c) monitoring the effectiveness and adequacy of the provisions of the Model and related compliance by its Recipients. The Supervisory Body performs these activities by:

- (i) maintaining relations with and ensuring information flows to the Board of Directors, guaranteeing adequate links with both the independent auditors and the other control bodies appointed by the Company;
- (ii) preparing spending forecasts for the performance of its duties;
- (iii) coordinating and promoting personnel training initiatives and periodic communications with employees, as well as (where necessary) with any external service providers and consultants, in order to inform them about the provisions of the Model;
- (iv) performing inspections, including via the analysis of documents and/or requesting information about the functions from employees and others;
- (v) checking periodically on the implementation and effective functioning of the solutions/corrective actions proposed;
- (vi) ensuring the confidentiality of the information in its possession.

The Board of Directors checks periodically on the adequacy of the Supervisory Body, in terms of its organisational structure and powers, making appropriate amendments and/or improvements.

The Supervisory Body is assigned an annual budget, endorsed by the Board of Directors.

6.4 **Information flows and Whistleblowing**

The Supervisory Body reports annually to the Board of Directors, informing the Board of Statutory Auditors, about the implementation of the Model, the emergence of any issues and the outcome of the work performed on its assigned tasks during the year.

The Supervisory Body must be informed by the parties required to comply with the Model, about any events that might give rise to responsibilities for the Company pursuant to Decree 231.

For this purpose, the Supervisory Body supervises the preparation of a procedure governing information flows (periodic and occasional) that is implemented by the Company.

From the standpoint of the Company, Function Managers must provide the Supervisory Body:

- (a) upon request from and in the manner specified by that Body, with information about the control and other activities carried out in their operational areas that help the Supervisory Body to check compliance with the Model, as well as its effectiveness and continuing relevance, and identify any facts, deeds, events or omissions that may be problematic in terms of compliance with the provisions of Decree 231;
- (b) periodically, with the information specified in the Model and any other details requested by the Supervisory Body from the individual organisational and managerial units of the Company via internal directives;

- (c) as necessary, with all other information of any kind, even deriving from third parties, about implementation of the Model in the areas of activity at risk (sensitive activities) and compliance with the provisions of Decree 231, that may assist the Supervisory Body in the performance of its duties. In particular, for example but without limitation, the Supervisory Body must always be informed promptly about:
 - (i) measures and/or information from the court police or any other authority that indicate the existence of investigations for envisaged offences that might involve the Company, or even unidentified parties;
 - (ii) requests for legal support received from executives and/or employees when court proceedings are commenced against them for offences envisaged in Decree 231;
 - (iii) capital transactions, allocations of profits and reserves, purchases or sales of investments in businesses or lines of business, mergers, spin-offs, split-ups and any other operations that might jeopardise the share capital of the Company;
 - (iv) any engagements assigned, or to be assigned, to the independent auditors other than certification of the financial statements;
 - (v) decisions about applications for public funds and their collection and use;
 - (vi) information about actual implementation of the Model at all business levels, with evidence of any disciplinary proceedings and the penalties imposed, or decisions to close such proceedings together with the related reasons;
 - (vii) the mandates granted to directors and all subsequent amendments and/or additions, as well as about the organisational structure;
 - (viii) the system of signatory powers and all subsequent amendments and/or additions;
 - (ix) information and/or news about any offences committed in violation of the accident prevention and occupational health and safety regulations;
 - (x) any other documents that might identify facts, deeds, events or omissions that may be critical in terms of compliance with the provisions of Decree 231.

Lastly, such information may be obtained directly by the Supervisory Body while performing periodic checks in the manner it deems most appropriate (such as, but without limitation, the preparation and use of specific checklists).

With reference to the communication of irregularities and unlawful deeds, the leaders and subordinates identified in art. 5, letters a) and b), of the Decree may present, in defence of the Company, detailed reports on:

- (a) specific facts together corroborating the commitment of offences envisaged in the Decree and

- (b) infringements of the Model,

that come to their attention in the performance of their functions.

These reports may be made:

- (a) in written communications sent to the Supervisory Body by ordinary post: at the offices of the Company for the attention of the Supervisory Body;
- (b) by e-mail using the following address odv@prima.it.

The Company discourages anonymous reports, but written communications can be submitted anonymously. In all cases, whistleblowers will be protected pursuant to art. 6, paras 2-bis, 2-ter and 2-quater, of the Decree by:

- (a) keeping their identities confidential when processing their reports;
- (b) prohibiting reprisals and/or discrimination for reasons related, directly or indirectly, to the report;
- (c) requiring the employer to demonstrate that any dismissal or demotion of whistleblowers was based on reasons unrelated to the report.

The process of managing reports from whistleblowers is described below:

- (a) **Phase 1 – Start of the investigation:** the process of managing the report begins when the Supervisory Body becomes aware of it via the information channels mentioned above.
- (b) **Phase 2 – Preliminary assessment:** upon receipt of the report, the Supervisory Body makes a preliminary assessment of its relevance pursuant to art. 6, para. 2-bis, of the Decree, after which it may decide to:
 - (i) file the report, if not relevant for 231 purposes; or
 - (ii) file the report, if not relevant for 231 purposes, but inform the competent corporate functions if relevant to other matters regarding the activities of the Company; or
 - (iii) proceed to analyse the merits of the report, if relevant for 231 purposes.
- (c) **Phase 3 – Investigation/Assessment of the merits:** after assessing the relevance of the report pursuant to art. 6, para. 2-bis, of the Decree, the Supervisory Body starts the investigation and analysis of its merits with support from the competent business functions and/or external consultants, drawing on the annual budget if necessary.
- (d) **Phase 4 – Completion of the investigation:** following completion of the Investigation/Assessment of the merits of the report, the Supervisory Body may decide:
 - (i) to file the investigation, if nothing was found;

- (ii) if the report was found credible:
 - (A) to notify the outcome, in a detailed written report (possibly recommending the application of disciplinary penalties), to the Board of Directors and the Board of Statutory Auditors;
 - (B) (if applicable) to inform the competent business functions so they can take appropriate action.

Where possible, the Whistleblower and the Reported Person must be informed about the developments. In particular, the Whistleblower (if not anonymous) is informed:

- (a) prior to the investigation about receipt of the report;
- (b) after the investigation to confirm its completion, without disclosing the decisions made.

The Reported Person, on the other hand, is only informed about the start and completion of the investigation if it is found necessary to take specific action in his/her regard and, in all cases, in compliance with the Workers' Statute and the applicable National Collective Employment Contract.

6.5 Regulation

In order to govern its activities, the Supervisory Body adopts an internal regulation.

7. DISCIPLINARY SYSTEM

7.1 Introduction

Pursuant and consequent to arts. 6 and 7 of the Decree, the organisation adopts and implements effectively - prior to commitment of the offence – "*an organisation, management and control model capable of preventing offences of the type committed*". The Model can only be implemented effectively if a disciplinary system is introduced and applied when the rules of conduct envisaged in the Model are infringed. The Disciplinary System must impose adequate disciplinary measures, consistent with current regulations and employment law. The system of disciplinary measures, applied in the event of infringements of the Model or the Code of Ethics, recognises the principle of proportionality between the infringement identified and the penalty levied, in compliance with current legislation and contracts.

The following criteria must be considered when applying disciplinary measures:

- (a) seriousness of the infringement;
- (b) type of offence committed;
- (c) circumstances in which the unlawful conduct took place;

- (d) functional roles identified in the appointment and duties of the worker and the persons involved in the facts addressed by the disciplinary action;
- (e) any repetition of the offence.

All impediments to the legitimate performance of the tasks assigned to the Supervisory Body contrived by Recipients will be penalised in the manner envisaged in the Disciplinary System.

Company activation of the mechanisms envisaged in the Disciplinary System is unrelated to the start of any criminal proceedings and/or the outcome of investigations or proceedings carried out by the judicial authorities.

The Company unequivocally confirms that no unlawful conduct is justified in any way, even if carried out in its alleged “interests” or for its alleged “benefit”.

Working together the Office Administration function, the Supervisory Body is tasked with constantly checking the suitability of the Disciplinary System envisaged in this Model.

Any unlawful conduct by Employees will result in disciplinary action being taken in accordance with the National Collective Employment Contract and their specific employment contracts.

Following notification to the Supervisory Body of infringements of the rules contained in the Model and the Code of Ethics, the Supervisory Body investigates and verifies directly that an infringement of the type described has taken place, reporting that infringement to the Office Administration function in order to start the related disciplinary proceedings (unless the reported infringement relates to the Administration Office).

After speaking to the hierarchical superior of the perpetrator of the conduct, that function determines and applies the related disciplinary measure in compliance with the applicable internal Procedures and Guidelines.

The Office Administration function informs the Supervisory Body that the disciplinary measure has been applied, or about any alternative outcome of the proceedings.

The Employer will apply the most appropriate disciplinary measure to the Employee, from among those listed below.

7.2 Penalties applicable to employees

The Decree establishes that the disciplinary system for employees must comply with the penalty limits imposed by the Workers’ Statute and the collective employment contract for the sector, covering both the types of penalty that can be applied and how the related powers are exercised. Accordingly, the disciplinary measures envisaged in the National Collective Employment Contract for the Commerce sector (taking account of amendments, renewals, the seriousness of the conduct, any repetitions and the extent of any negligence) can be applied to Employees.

In this context and pursuant to art. 225 et seq. of the above national contract, the following disciplinary measures are applicable, depending on the seriousness of the infringement, in addition to any different, appropriate and legitimate actions that the Company may take pursuant to its Procedures and Guidelines:

- (a) verbal warning for small infringements;
- (b) written warning if the infringements referred to in point (a) are repeated;

Employees who infringe the internal procedures envisaged in the Model or whose conduct, when performing activities in the areas at risk, is inconsistent with its requirements.

- (c) fine not exceeding 4 hours of normal remuneration;

Employees who infringe several times the internal procedures envisaged in the Model or whose conduct, when performing activities in the areas at risk, is inconsistent on several occasions with its requirements, even if those infringements have not been identified and challenged on a case-by-case basis.

- (d) suspension from work and remuneration for a maximum of 10 days;

Employees who infringe the internal procedures envisaged in the Model or whose conduct, when performing activities in the areas at risk, is inconsistent with its requirements, causing losses for the Company or exposing it an objective risk that jeopardises its assets.

- (e) dismissal without notice;

Employees whose conduct, when performing activities in the areas at risk, infringes the requirements of the Model and results in application of the measures envisaged in the Decree against the Company.

The above disciplinary measures may change as a consequence of amendments and/or additions made to the applicable National Collective Employment Contract.

7.3 Penalties applicable to executives

In addition to the content of the previous section, failure by executives to supervise the proper application by their subordinates of the rules and instructions envisaged in the Model and the Code of Ethics, resulting in their infringement, represents a disciplinary offence.

Accordingly, the Company will check the infringements and apply the most suitable measures in compliance with the National Collective Employment Contract for Executives. If the infringements of the principles contained in the Model are particularly serious, the measures applied may even extend to dismissal.

7.4 Penalties applicable to directors

In the event of failure to comply with the Model and the Code of Ethics by directors of the Company who are also employees, the most appropriate disciplinary measures will be applied if, and to the extent that, the conduct relates to the executive position held.

Infringements of the Model and the Code of Ethics will result in the application of specific penalties for directors, ranging from written rebukes to revocation of their appointments and even impeachment pursuant to art. 2393 of the Italian Civil Code, considering the degree of intent, the seriousness of the conduct (not least in terms of the risk to which the Company is exposed) and the specific circumstances in which the conduct took place.

Written rebukes are made for slight infringements of the principles and rules of conduct envisaged in the Model.

This measure is also applied the case of:

- (a) delayed adoption of measures following the receipt of reports;
- (b) delayed preparation of the documentation envisaged in the Model or in the Procedures.

Depending on the seriousness of the infringement, a Shareholders' Meeting may be called by the Board of Directors to apply the safeguards considered most appropriate in compliance with the regulations in force at the time. The Supervisory Body will also inform the Board of Statutory Auditors.

7.5 Penalties applicable to Statutory Auditors

If this Model is infringed by one or more Statutory Auditors, the Supervisory Body will inform the Board of Directors, which will adopt appropriate measures such as calling a Shareholders' Meeting in order to take the most suitable action allowed by law.

7.6 Penalties applicable to external collaborators subject to supervision

Infringements of the Model by collaborators who are not Employees are penalised by the competent bodies in accordance with the internal regulations of the Company, as envisaged in their collaboration contracts and, in all cases, with the application of agreed penalties and/or automatic termination of their contracts (pursuant to art. 1456 of the Italian Civil Code), without prejudice to the reimbursement of any losses.

7.7 Penalties for infringement of the rules that govern whistleblowing reports

Failure to comply with the rules that govern whistleblowing reports pursuant to art. 6, para. 2-bis, is penalised by the competent bodies, in accordance with the internal regulations of the Company and the applicable National Collective Employment Contract, in the following cases:

- (a) infringement of measures protecting the whistleblower;
- (b) unfounded reports made wilfully or with gross negligence.

7.8 **Penalty application process**

The process begins with the receipt of a report on an actual or alleged infringement of the Model or the Procedures.

The process has the following phases:

- (a) Pre-investigation phase to verify that the infringement took place. This phase is completed by the Supervisory Body within 30 days and includes documentary checks, where applicable. If the report is obviously unfounded, the Supervisory Body files it with reasons and mentions the event in its periodic reports. In other cases, the Supervisory Body sends a written report, stating the results of its checks, to:
 - (i) the Board of Directors with regard to infringements by: (a) members of corporate bodies (excluding members of the Board of Directors); (b) any other person in a senior position (meaning any person whose functions include representing, managing, administering, directing or controlling the Company); (c) employees and external collaborators of all kinds (permanent, fixed term, part time, temporary, intern at any level and under any type of contractual relationship, including foreign secondments) subjected to management or supervision by the “leaders” of the Company;
 - (ii) the Board of Statutory Auditors for infringements by the Board of Directors.
- (b) Investigation phase to determine whether the infringement did actually take place, based on the results of the work performed by the Supervisory Body. This phase is completed within a maximum of 45 days, or any longer time that is deemed reasonably necessary by the Supervisory Body and either the Board of Directors or the Board of Statutory Auditors, depending on the specific circumstances.
- (c) Dispute phase and application of penalties, where applicable, in compliance with current regulations (Workers’ Statute and National Collective Employment Contract).

The Supervisory Body, the Board of Directors and the Board of Statutory Auditors may refer to the competent business functions, as necessary, during the disciplinary proceedings. If the infringement is determined to be unfounded, the Company will file it with reasons.

If the infringement relates to external collaborators subject to supervision, the procedure described in this section will be applied and the Office Administrative function will be involved for any legal challenges and the application of contractual penalty clauses.

8. **PERSONNEL TRAINING AND INFORMATION**

In order to ensure effective implementation of the Model, Prima strives to inform all Recipients about the rules of conduct contained therein.

The Office Administration function makes the Model available to all Recipients by publishing the entire document on the corporate intranet, while the Code of Ethics and an extract from the Model is posted on the corporate website.

All subsequent amendments and information about the Model will be notified to the Recipients via the official information channels, including e-mail and the corporate intranet.

The Office Administration function defines and implements the training programme in collaboration with the Supervisory Body, establishing the content and frequency of courses and documenting their attendance.

The training provided in order to disseminate awareness of the provisions of Decree depends, in terms of content and method of delivery, on the position of the Recipients, the level of risk in the areas in which they work, and whether or not they represent the Company in the performance of their duties.

9. **UPDATING AND AMENDING THE MODEL**

Given that the Model is a "*deed issued by the executive body*" (pursuant to the clarification provided in art. 6, para. 1.a), of the Decree), any significant subsequent amendments and additions require approval by the top management of the Company, acting where applicable on recommendations from the Supervisory Body.

The Model must be updated in the following cases:

- (a) changes in the internal organisation of the Company and/or the manner in which activities are conducted;
- (b) changes in regulations or significant new jurisprudence;
- (c) significant infringements of the requirements of the Model;
- (d) commitment of envisaged offences by Recipients;
- (e) identification of new sensitive activities, or changes in those identified previously, possibly as a result of starting new business activities;
- (f) identification of weaknesses and/or shortcomings in the Model following checks on its effectiveness.

Updates are carried out by the Board of Directors with support from the Supervisory Body and, if applicable, specialist external consultants.

The Board of Directors of the Company is entitled to make changes and additions of a formal nature to the text of the Model (such as those made necessary by changes in the reference regulations).

After approving the changes, the Board of Directors of the Company communicates them within the organisation (and externally, if necessary).

In all cases, the Model is revised periodically on the initiative of the Board of Directors of the Company.