



ORGANIZATION, MANAGEMENT AND CONTROL MODEL
PURSUANT TO (IT.) LEGISLATIVE DECREE 8 JUNE 2001, No. 231

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General Section

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1 PURPOSES AND PRINCIPLES OF LAW

1.1 (It.) Legislative Decree 8 June 2001, no. 231

By (It.) Legislative Decree 8 June 2001, no. 231, containing the "*Regulation of the administrative liability of legal persons, companies and associations, even without legal status, pursuant to art. 11 of the (It.) Law of 29 September 2000, no. 300*" (hereinafter, for the sake of brevity, the "**Decree**"), which came into force on the following 4 July, which required the adaptation of internal regulations in matters of the liability of juridical persons to international conventions to which Italy had adhered for some time, such as the *Brussels Convention of 26 July 1995* on the protection of the financial interests of the European Community, the *Convention of 26 May 1997*, also signed in Brussels, on combating corruption involving European Community or member state functionaries and the *OECD Convention of 17 December 1997* on combating corruption of foreign public officials in economic and international operations.

The Decree introduced in Italian law a system of administrative liability (broadly equivalent to criminal liability) for legal persons (herein after for the sake of brevity referred to as "**Entities**") for offences committed in the interest or to the advantage thereof, added to the one of the person who materially committed the offence. The liability under the Decree also applies in relation to offences committed abroad, provided they are not subject to direct proceedings by the State of the place where the offence was committed.

The Decree introduced in Italian law the administrative liabilities of the Entities for some offences committed in their interest:

- a) by upper management, that is representatives, directors or managers of the Entity or one of its organizational units with financial and functional autonomy, as well as by persons who exercise, including de facto management and control of the entity;
- b) by the subordinates, or persons subordinate to the management or supervision of one of the subjects referred to in letter a) (in substance, in the case of companies, the employees of the Entity).

It is an extension of the liability that involves the punishment of some criminal offences, in addition to the natural person who physically committed the act, the Entities that benefited from the commission of the offence or in whose interest the offence was committed. The "advantage" or "interest" represents two distinct criteria for imputation of liability, as the Entity may be responsible for the sole fact that the offence is committed in its interest, regardless of whether or not a distinct advantage is obtained.

The administrative liability of the Entities applies to the categories of crimes expressly contemplated in the Decree and may also be applied in relation to offences committed abroad, provided they are not subject to direct proceedings by the State of the place where the offence was committed. In addition the commission of crime is sanctioned if a criminal offence is attempted.

1.1.1 The predicate offences

The liability of the Entity arises only in relation to the commission of certain specific offences foreseen by the Decree, as well as by various subsequent legislative provisions which, from time to time, have extended the list contained in the Decree. The intention of the Legislator seems to be that of constantly extending the application of the Decree to new offences.

The types of offences that are likely to constitute administrative liability of the Entity pursuant to the Decree (hereinafter, for the sake of brevity, the "**Offences**") are specifically indicated in Annex 1.

1.1.2 Indictment criteria

In order to classify the criminal activity of a person holding an upper management position or a subordinate as an administrative liability of the Entity to which the subjects belong, it is necessary that the Offence was committed in the interest or for the benefit of the same Entity. It follows that the Entity is not liable for crimes committed by natural persons in their own exclusive interest or that of third parties.

1.1.3 Sanctions

The Decree establishes a structured system of administrative sanctions in the event that the Entity is liable for a crime committed by one of its representatives. This system provides for four types of sanctions, applicable in the event of a final conviction:

- (i) financial penalties;
- (ii) disqualification sanctions;
- (iii) confiscation;
- (iv) publication of the sentence.

The financial penalties are imposed in any case of final conviction. The determination of the size of the sanction, pursuant to art. 10 of the Decree, is based on a complex quota system. Each unit amount ranges from a minimum of Euro 258.00 to a maximum of Euro 1,549.00. For each type of Crime, the Decree provides for the application of the pecuniary sanction up to a specific number of units.

The judge establishes the sanction to be imposed, based on the criteria established by art. 11 of the Decree, or based on the seriousness of the fact, on the degree of liability of the Entity, on the activity carried out by the Entity to delimit or mitigate the consequences of the fact and prevent the commission of further Offences, on the economic and patrimonial conditions of the Entity.

The disqualification sanctions consist of the following measures:

- disqualification from exercise of the activity;
- suspension or revocation of authorizations, licences or concessions functional to the commission of the Offence;
- prohibition to contract with the Public Administration, except for obtaining the services of a public service;
- exclusion from incentives, loans, contributions or subsidies and possible cancellation of those already granted;
- ban on advertising goods or services.

The duration of disqualification sanctions cannot be less than three months, nor exceed two years. The application of these is provided only for certain Offences. A condition for the imposition of disqualification sanctions is the recurrence of one of the following assumptions: (a) that the Entity has drawn a substantial profit from the Offence and, at the same time, that the Offence has been committed by a person in a upper management position or, if committed by subordinates, that the commission of the Offence was facilitated by deficiencies in the organization, management and control model adopted by the Entity; or, alternatively, (b) that the Offence has reoccurred.

In choosing the applicable disqualification sanction, the judge must follow the same criteria already seen above for pecuniary measures. In particular, the disqualification sanction must be specific, that is the object is the specific activity to which the Offence by the Entity refers. Among the various disqualification measures, the suspension of the exercise of the activity cannot be imposed unless the imposition of any other sanction is inadequate. It is also possible that more disqualification sanctions are applied jointly.

In cases where the conditions for imposing an disqualification sanction involving the interruption of the Entity's activity exist, if this Entity carries out a public service or a public utility service whose interruption can entail a serious prejudice for the community, or if the interruption of the activity, given the size of the Entity and the economic conditions of the territory in which it is located, may have significant repercussions on employment, it is envisaged that the judge may not order an disqualification sanction, but he/she may decide that the Entity's activity must be continued under compulsory administration for a period equal to the duration of the sanction that would have been inflicted.

The disqualification measures are, in principle, temporary. However, in the event that the same Entity is sentenced for at least three times in the seven years following the temporary disqualification of the activity, and if it has obtained a substantial profit from the Offence, the Decree provides for the sanction of definitive disqualification from the exercise of the activity.

The confiscation of the price or profit of the Offence is always ordered in the event of conviction. When it is not possible to execute confiscation of assets that constituted the price or profit of the Offence, the confiscation may concern sums of money, property or other assets of an equivalent value.

The publication of the sentence in one or more newspapers indicated by the judge at the expense of the sentenced Entity may be ordered by the judge in cases where a disqualification sanction is imposed.

1.1.4 Precautionary measures

While waiting for criminal proceedings, upon request of the public prosecutor, the judge may order some of the disqualification measures described *above* as a precautionary measure. This occurs when there is strong proof which suggests that Entity is liable and well-founded and specific elements that point to the concrete possibility of the danger that further offences of the same type will be committed.

Precautionary measures cannot last more than one year. Also as a precautionary measure, it is possible that, the compulsory administration of the Entity will be applied for entire term of the sanction that would have been applied, instead of disqualification sanctions.

1.1.5 The organization, management and control models for the purposes of exemption from liability

Art. 6 of the Decree provides for a form of exemption from administrative liability if the Entity demonstrates that:

- the governing body has adopted and effectively implemented, before committing the offence, *organizational, management and control models* suitable for preventing the realization of the criminal offences contemplated;
- has appointed a so-called internal *supervisory body*, holding autonomous powers of initiative and control, with the task of supervising the functioning and effective compliance with the organization, management and control model, as well as of taking care of its updating;
- the persons who committed the offence acted fraudulently;
- there was no omission or insufficient control by the supervisory body.

The Decree also provides that the aforementioned organization, management and control models must meet the following requirements:

- identify the activities in which the possibility that the Offences are committed exists;
- provide specific protocols (i.e. procedures) aimed at planning the formation and implementation of the decisions of the Entity in relation to the Offences to be prevented;
- identify methods to manage the financial resources that are suitable for preventing the commission of Offences;
- provide information obligations towards the body in charge of supervising the functioning and observance of the organization, management and control model;
- introduce a disciplinary system suitable to sanction the failure to comply with the measures indicated in the organization, management and control model.

The same Decree provides that the organizational, management and control models can be adopted, guaranteeing the aforementioned needs, based on codes of conduct drawn up by representative trade associations, communicated to the Ministry of Justice who, in agreement with the competent Ministries, can make observations within 30 days on the suitability of the organization, management and control models for the purpose of preventing the Offences.

In accordance with this provision, Bottero, in preparing this Model, as *hereafter* defined, was inspired by the guidelines issued by Confindustria as well as by those developed by Confindustria. However, it must be remembered that the indications contained therein represent a simple reference framework to which every company can refer in order to adopt the organization, management and control models. These are suggestions that every company is free to draw inspiration from when developing organizational, management and control models. Each company must, in fact, adapt the guidelines to the specific business that characterizes it and, therefore, to its size and to the specific activity it conducts and consequently each company must choose the technical methods with which to follow to adopt the organization, management and control model.

1.1.6 The Confindustria guidelines

The “*Guidelines for the construction of organizational, management and control models pursuant to (It.) Legislative Decree 231/2001*”, approved by Confindustria in a first version on 7 March 2002 (hereinafter, for brevity, the “**Guidelines** ”), and subsequently updated, can therefore be outlined according to the following fundamental points:

- A. identification of risk areas that is of the company areas/sectors in which it is possible to implement the prejudicial events envisaged by the Decree;
- B. preparation of a control system capable of preventing the commission of offences through the adoption of specific protocols. The most significant components of the preventive control system

outlined by Confindustria with a separate reference to the intentional and negligent crimes provided for by (It.) Decree 231 are:

b. 1.) with reference to intentional offences:

- code of ethics;
- organizational system;
- manual and IT procedures;
- authorization and signatory powers;
- control and management systems;
- communication to staff and their training

b. 2.) with reference to non intentional crimes regarding the protection of occupational health and safety and the environment, without prejudice to the control systems indicated for intentional crimes, they are:

- Education and training;
- Communication and involvement;
- Operation management;
- Monitoring system.

C. information obligations by the supervisory body and towards the supervisory body.

The components of the control system must be inspired by the following principles:

- verifiability, availability of documentary evidence, consistency and congruence of each operation;
- application of the principle according to which the spending power and control power cannot be simultaneously delegated to anyone;
- documentation of the controls;
- provision of an adequate system of sanctions for the violation of the rules of the code of ethics and of the procedures envisaged by the organization, management and control model;
- identification of the requirements of the supervisory body, including in particular: autonomy and independence, professionalism and continuity of action.

The Guidelines have been the subject of subsequent updates, which have been determined by the need to adapt the Guidelines to the subsequent legislative changes that have extended the applicability of (It.) Decree 231 to further predicate offences.

It should be pointed out that failure to comply with the specific points of the aforementioned Guidelines does not invalidate the validity of an organization, management and control model, since this must be drawn up with reference to the actual business of the company and may well depart from the Guidelines which, by their nature, are general.

2 The organization, management and control model of BOTTERO S.p.A.

2.1 Adoption of the organization, management and control model by Bottero

Bottero S.p.A. (hereinafter, for brevity, "**Bottero**" or the "**Company**") considered it essential and in accordance with its corporate policy to adopt an organization, management and control model pursuant to the Decree (hereinafter, for brevity, the "**Organization and Management Model**" or the "**Model**"), so that all the Recipients of the Model, as defined *hereafter*, observe such behaviour as to prevent the risk of commission of the Offences envisaged by the Decree in the performance of their activities and services.

Bottero believes that the adoption of this Model, together with the simultaneous issuing of a code of ethics (hereinafter, for the sake of brevity, the "**Code of Ethics**"), which forms an integral and substantial part of the Model, constitutes, beyond the provisions of the law, a further valid instrument for raising the awareness of all the Recipients of the Model. All this so that the aforementioned subjects follow, in the performance of their activities, correct and transparent behaviours in line with the ethical and social values that inspire Bottero in pursuing its corporate purpose, and in any case such as to prevent the risk of commission of the Offences.

The "**Recipients of the Model**" or "**Recipients**" include: Employees, members of corporate bodies, members of the Bottero audit firm and External Collaborators. The "**Employees**" include Bottero employees (including managers). The "**External Collaborators**" include agents, brokers, distributors, consultants, contractors, suppliers, intermediaries, collaborators in any capacity, and companies controlled by Bottero pursuant to art. 2359 (It.) Civil Code based in the national territory (the latter, for the sake of brevity, the "**Subsidiaries**").

For the purposes of the construction and preparation of this Model, Bottero has analysed its risk areas taking into account, in the drafting thereof, the provisions of the Decree and the Guidelines.

The Organization and Management Model is approved and adopted by Bottero's Board of Directors, in compliance with art. 6, paragraph 1, letter a) of the Decree.

Simultaneously with the approval and adoption of the Organization and Management Model, the Board of Directors establishes the body responsible for supervising the functioning and observance of the Organization and Management Model (hereinafter, for the sake of brevity, the "**Organism of Supervision**"), in compliance with the provisions of the Decree.

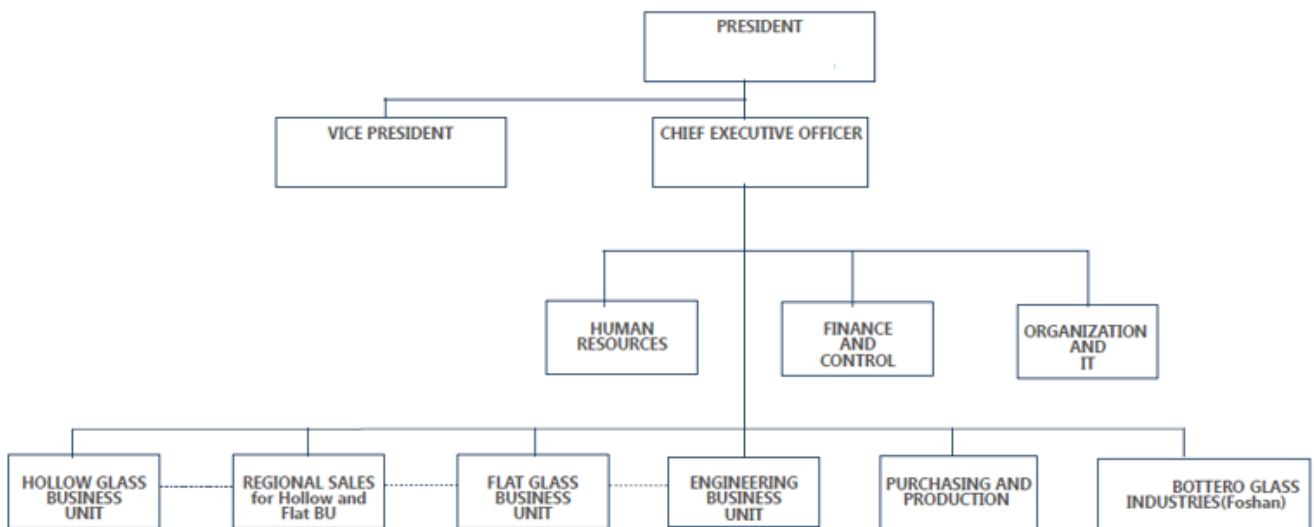
2.2 The Company and its structure

In 1957, Mr. Pasquale Bottero founded Bottero Costruzioni Meccaniche, for the construction of machines for cutting and handling glass plates. In 1962, he laid the first stone of the current site, consisting of over 45,000 square meters covered. In 1966, he entered the hollow glass *business* by designing and building forming machines for the production of glass bottles and containers.

Over the years, Bottero has grown consolidating its presence in the world and by diversifying technologies in other sectors. In the sector of glass technology alone, Bottero has more than 21,000 machines installed on five continents and in over 88 countries.

Bottero has 910 employees, 95 distributor agents and 115 installation technicians.

Corporate structure



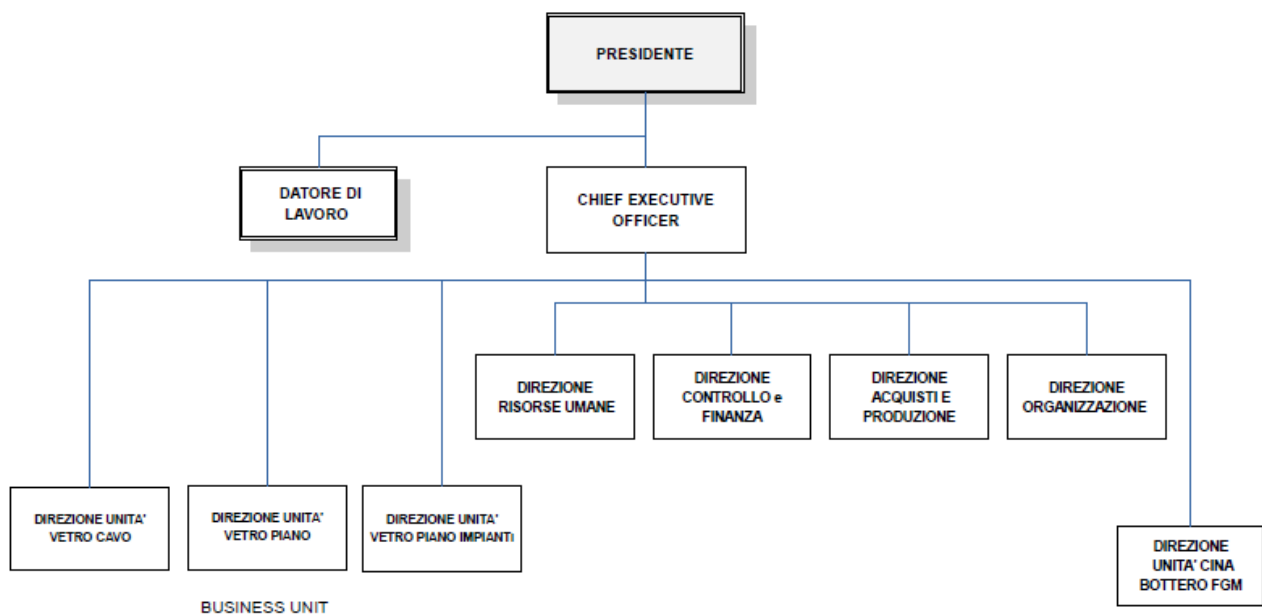
The Bottero organisation is developed around technology and glass processing sectors, which constitute the structure of the *Business Units* related to the product lines currently marketed: Container Glass, Standard Flat Glass and Flat Glass Installations. The organization is characterized by a structured and transversal function

architecture, with a direct approach to the top management by the *Business Units* and by the staff operational functions.

In order to immediately clarify the role and responsibilities of each person in the context of the corporate decision-making process, Bottero has developed a summary report which outlines the entire organizational structure of the company (Bottero S.p.A. organization chart). In particular, in said statement, the following is specified:

- the areas in which the business is divided;
- the lines of hierarchical dependence of the individual corporate bodies.

Bottero S.p.A. Organization Chart



2.3 Function of the Organization and Management Model

This Model completes and integrates the set of rules of conduct, principles, *policies* and procedures of Bottero, as well as all the existing organizational instruments and internal controls, with provisions that meet the purposes of the Decree for the specific purpose of reducing the risk of commission of the Offences contemplated therein.

The purpose of the Bottero's Organization and Management Model is therefore the preparation of a structured and organic system of prevention, deterrence and control aimed at reducing the risk of committing crimes by identifying sensitive activities and their consequent specific procedures. The control system currently operating in the company was taken into account in the preparation of this Model, where deemed appropriate to meet the purposes of preventing the risk of commission of Offences. The following elements have also been evaluated:

- Bottero's certification system is currently made up of the ISO 9001: 2015 Quality Management System and the ISO 14001: 2004 Environmental Management System, and it is managed by the Central Quality Department;
- the Bottero information system is regulated through the ICT (*Information Communication Technology*) Body, which draws up the DSI (Document of Information Security) which integrates what is required by the technical specification regarding minimum security measures according to Annex B of the aforementioned Decree.

The Organization and Management Model aims to:

- make all Recipients of the Model aware that the commission (and also the attempted commission) of an Offence - even if carried out for the benefit or in the interest of Bottero - represents a violation of the Organization and Management Model and of the Bottero Code of Ethics and it constitutes a criminal offence punishable by criminal and administrative penalties, not only against the offender, but also against Bottero;
- identify the areas at risk of commission of crimes through an in-depth analysis of the activities carried out, of the existing procedures and controls, of the practice, of the authorization levels;
- reiterate that such conduct is strongly condemned by Bottero as contrary, in addition to regulatory provisions, also to the rules and rules of conduct to which Bottero is inspired and to which it abides in the conduct of its business;
- prevent the risk of commission of crimes, through the adoption of procedural principles aimed at ensuring compliance with the principles of control as defined *hereafter*;
- allow a constant verification of the functioning of the Model with consequent periodic updating;
- allow the monitoring of areas of activity at risk of Crime and timely intervention to prevent the commission of crimes;
- illustrate the composition, tasks and functioning of the Supervisory Body, with the assignment to the same of the tasks envisaged by the Decree and the granting of powers such as to guarantee its full and effective operation, both in terms of autonomy and available means;
- prepare information and communication flows to the Supervisory Body and to the same body;

- promote awareness, training and dissemination activities among all Recipients of the Model, behavioural rules and internal processes and procedures aimed at governing, preventing the commission of Offences and controlling activities at risk, also through an adequate communication system, dissemination and training;
- adopt a specific disciplinary system suitable to pursue and sanction violations of the Organization and Management Model.

2.4 Control principles of the Organization and Management Model

The Model is based on the following principles of control, applicable with particular reference to Sensitive Activities (as defined in paragraph 2.8.1):

- every operation, transaction, action must be verifiable, documented, coherent and congruous: for each operation, there must be an adequate documentary support that allows, at any time, the execution of controls which certify the characteristics and reasons for the operation and identify who authorized, performed, recorded and verified the operation itself. In order to minimize the risks of destruction or loss, even accidental, of data, unauthorized access or treatment that is not permitted or does not comply with the law, adequate security measures are adopted;
- no one can independently manage an entire process: the observance of this principle is guaranteed by the application of the principle of separation of functions and tasks applied within Bottero, according to which different persons and functions have the responsibility to authorize an operation, to account for it, to carry out the operation and/or to control it. Furthermore, no one is given unlimited powers; powers and responsibilities are defined and disseminated within Bottero; authorization and signature powers are consistent with organizational responsibilities;
- the controls must be documented: the control system is supported by adequate documentation relating to controls and supervision.

2.5 Structure of the Organization and Management Model

The Model of Organization and Management and the Code of Ethics of Bottero must be understood as an expression of a single body of rules adopted by Bottero in order to promote the high moral principles of correctness, honesty and transparency in which Bottero believes and by which it is inspired in carrying out its business.

The Model is integrated, in addition to the principles and provisions contained in the Code of Ethics, by the set of *policies* and procedures formalized and already applied within Bottero and by the system of delegations and powers.

The procedures, in their last revision, are available within the intranet portal of the BOTTERO company as well as in the individual departments where a special list is kept in paper format and periodically updated.

For the purposes of this Model, all the discipline and control instruments already operating in Bottero that constitute an integral and substantial part of this Model are referred to expressly and in full.

The Model consists of:

- this "General Section" which illustrates the contents of the Decree, the function of the Organization and Management Model, the tasks of the Supervisory Body, the disciplinary system and, in general, the principles, logic and structure of the Model itself;
- the "Special Section", divided into sections, which refers to the specific types of Crime analysed during the *risk analysis* activities and to the Sensitive Activities identified therein, for the purpose of preventing the Offences envisaged by the Decree;
- the list of Offences (Annex 1);
- the Code of Ethics (Annex 2).

The General Section, the Special Section and the Annexes are an integral and substantial part of the Model.

2.6 Changes and updating of the Organization and Management Model

The Model is adopted by the Bottero Board of Directors, whose authority includes the amendments and additions thereto which may be appropriate or necessary, in relation to new legal provisions or following some changes in the organizational structure and/or the company business.

Proposals for amendments and integration of the Model may be presented by the Supervisory Body to the Board of Directors, after consulting the authorised corporate functions.

2.7 Adoption of the Organization and Management Model in the Subsidiaries

The Model and the Code of Ethics are communicated to the Subsidiaries, which shall adopt, through a specific resolution of the Board of Directors, their own organizational, management and control model pursuant to the Decree, drawn up on the basis of setting and guidelines for this Model and risk profiles configurable in the activities carried out by the companies themselves. In the exercise of their autonomy, the individual Subsidiaries are directly and exclusively responsible for the adoption and implementation of the respective model, based on their own and independent risk analysis.

Likewise, each subsidiary company adopts its own code of ethics in line with the principles to which the parent company's Code of Ethics is based.

Each Subsidiary notifies the Chief Executive Officer and the Bottero Supervisory Body of the adoption of the Model and the Code of Ethics.

In adopting the organization, management and control model, the Boards of Directors of the individual Subsidiaries at the same time also appoint their supervisory body. These supervisory bodies are exclusively responsible, in the context of their respective companies, for the control tasks on the performance of the aforementioned activities and on the functioning and observance of the model of the company to which they refer.

The representatives indicated by Bottero in the corporate bodies of the subsidiaries, in the consortia and in the *joint ventures* promote the principles and contents of the Model in the areas of their respective authority.

2.8 Implementation and realization of the Organization and Management Model

The launch of the Model implementation project was shared with all those responsible for the functions and management of Bottero in order to make the same subjects aware of the importance of the project.

The process of identifying the relevant risks for the purposes of the Decree and of adapting/integrating the existing control system was conducted through the following phases and activities:

- mapping of risk processes and Sensitive Activities, as defined *hereafter*;
- identification of potential risks;
- recognition and analysis of the existing preventive control system;
- assessment of residual risks;
- adjustment/integration of the control system in order to reduce the identified risks to an acceptable level.

2.8.1 Mapping of corporate areas at risk and *risk analysis*

The risk areas were identified by analysing the company context, identifying the sensitive activities, that is to say the specific activities at risk of commission (hereinafter, for the sake of brevity, the "**Sensitive Activities**") and the business functions within which the Offences could be committed (or attempted). From this preliminary analysis, it was decided to concentrate the attention for the preparation of the Special Section on the following families of Offences:

- Offences against the Public Administration (Articles 24, 25 and 25 *decies* of the Decree);
- Corporate crimes (art. 25-*ter* of the Decree);
- Offences concerning occupational hygiene and safety (art. 25-*septies* of the Decree);
- Money laundering, receiving stolen goods, use of money, goods or benefits of goods of illicit origin, self-laundering offences (art. 25-*octies* of the Decree).

- Cybercrime and copyright infringement (art. 24-*bis*, 25 *novies* of the Decree)
- Environmental offences (art.25 *undecies* of the Decree);
- Offences relating to trademarks and patents (Articles 25 *bis*)

With reference to the aforementioned Crime families, it was then highlighted how the types of offences could be implemented with respect to the internal and external operating context in which the Company operates, identifying the Sensitive Activities.

For each identified Sensitive Activity, the following were identified:

- potential associated crimes;
- the corporate functions involved in the management of the identified activities;
- the possible methods of implementation of the Offense or participation in it;
- the control tools aimed at preventing and monitoring illegal conducts.

For the mapping of the aforementioned risk areas, the history and events of Bottero and, in general, the characteristics of the subjects operating in the sector in which the same work is carried out were taken into account.

The results of the mapping of Sensitive Activities are available to the Supervisory Body for the purpose of carrying out the institutional activity entrusted to it by the Decree and by this Model.

From the preliminary examination and *assessment* of the company activities and the organizational structure, an evaluation has emerged regarding the exclusion of the reasonable possibility of committing some Crime families contemplated by the Decree.

Specifically, it is believed that the forgery of coins, public credit cards and stamp duties pursuant to art. 25-*bis* and the offences of abuse of privileged information and market manipulation pursuant to Article 25-*sexies* cannot be configured within Bottero's corporate business.

As far as the crimes of terrorism, as per art. 25-*quater*, the crimes against the individual personality pursuant to art. 25-*quinquies* and 25-*quater*.1, the crimes of Racism and xenophobia referred to in article 25 - *terdecies*, the transnational crimes and the offences of organized crime are concerned, no specific occasion for the realization of such cases have been identified as, although the abstract verifiability cannot be ruled out entirely, their actual realization appears unlikely, both in consideration of the operational reality of the Company, and in consideration of the elements necessary for the realization of the crimes in question (with particular reference to the psychological element of the crime for some of them). In any case, the

aforementioned principles of the Code of Ethics and the Sensitive Activities management tools guarantee an adequate supervision of the situations envisaged by the regulations. With reference to crimes committed in violation of copyright - with the exception of the crimes set forth in Articles 171 bis paragraph 1 and 171 bis paragraph 2 l. 633/1941 - (art. 25 *nonies*), as well as crimes against industry and commerce (art. 25-bis 1), whose implementation seems in any case remote, the behavioural principles that have been identified for a correct and transparent conduct of the company activities are considered adequate safeguards for the commission of these cases.

Also with reference to the crimes pursuant to art. 25 - duodecies (employment of third-country nationals whose stay is irregular) and pursuant to art. 603 bis of the (It.) Penal Code, it is believed that the risk profile of the commission of the offences in question is quite remote. In any case, the personnel selection procedures prepared by Bottero S.p.A., together with the aforementioned principles of the Code of Ethics and the Sensitive Activities management tools, guarantee adequate supervision of the situations envisaged by the regulations.

Bottero considers the Code of Ethics and what has already been provided with reference to other Sensitive Activities to be sufficient instruments of discipline and prevention of the offences outlined above whose commission is considered in any case unlikely.

2.8.2 Detection of the internal control system and *risk analysis*

Based on the mapping of the corporate areas at risk, an analysis was conducted on the adequacy to prevent and identify unlawful conduct of the existing control system. In particular, the sensitive areas have been assessed with respect to the existing system of procedures/controls to highlight any misalignments with respect to the Model and to provide corrections and additions.

The analysis was carried out to verify, in particular:

- the existence of behavioural rules of a general nature aimed at overseeing the carried out activities;
- the existence and adequacy of procedures that govern the performance of activities in compliance with the principles of control;
- compliance and concrete implementation of the general principle of separation of duties;
- the existence of authorization levels to guarantee adequate control of the decision-making process; and
- the existence of specific control and monitoring activities on Sensitive Activities.

The analysis was expressly targeted for the purposes of the Decree; a description of the system of preventive controls existing within Bottero was therefore prepared.

2.8.3 Evaluation of residual risks

For each company activity, the "risks" were assessed and risk priorities were assigned according to the various elements qualifying Bottero's own internal control system, from the existence of behavioural rules to the existence of control and monitoring activities.

In general, Bottero's control system was sufficiently formalized and, in this sense, all the rules of conduct, procedures and internal rules set up to oversee the performance of company activities were of help.

The existing control processes/tools have therefore been activated and integrated, focusing them on the types of Offences in relation to the organizational and operational context of Bottero, both internal and external. Particular attention was paid to the need to ensure timely notification of the existence and occurrence of any critical situation, both general and specific.

3 THE SUPERVISORY BODY

Art. 6, paragraph 1, letter b) of the Decree provides as an essential component of the Model the assignment to a body, having autonomous powers of initiative and control, with the task of supervising the functioning and observance of the Model as well as updating it.

Bottero, taking into account the aims pursued by the Decree, the Guidelines and its size and organization, opted for a Supervisory Body composed of more than one person.

3.1 Appointment and composition of the Supervisory Body

The Supervisory Body is appointed by the Board of Directors. The Supervisory Body is composed of two members, who may be re-elected, of which an internal member from Bottero and an external professional with specific skills in the corporate/financial field, having the requisites of autonomy, independence, continuity of action, professionalism and integrity, which are necessary for the office.

In this regard, it should be noted that, as far as the autonomy requirement is concerned:

- the Supervisory Body has effective powers of inspection and control;
- the control activities of the Supervisory Body are not subjected to any form of interference and/or conditioning by internal subjects in Bottero or corporate bodies of the same;
- the Supervisory Body reports directly to the Board of Directors, with the possibility of reporting directly to the Statutory Auditors and the shareholders;

- the Supervisory Body does not perform operational tasks, nor does it participate in operational decisions and activities;
- the Supervisory Body has adequate financial resources for the proper performance of its activities;
- the regulation of the internal functioning of the Supervisory Body is entrusted to the same body, which must therefore define - with a specific regulation - the aspects relating to the performance of the supervisory functions.

As far as the independence requirement is concerned:

- the Supervisory Body must not have executive functions and its members must not have family relationships, marriage or affinity within the fourth degree with the members of the corporate bodies, persons who are representatives, directors or managers of Bottero or its organizational structure with financial and functional autonomy, as well as with people who exercise - even de facto - the review, management and control of Bottero;
- if a member of the Supervisory Body is an internal member of the corporate structure, he/she must have an adequately high organizational position.

As far as the requirement of professionalism is concerned:

- the members of the Supervisory Body are chosen among individuals with adequate professionalism in legal matters and in the control and management of corporate risks. Furthermore, the Supervisory Body may, also avail itself of external professionals, use competent resources in matters of business organization, auditing, accounting and finance, safety at work or other areas relating to Offences.

As far as the continuity of action is concerned:

- in its own regulation, the Supervisory Body is called to define the aspects relating to the continuity of its action, such as the scheduling of the activity and controls, the recording of minutes of the meetings and the regulation of information flows.

As far as the requirements of integrity are concerned:

- the judgment of conviction or plea bargaining is also a cause of ineligibility or revocation for just cause of members of the Supervisory Body in relation to one of the offences referred to in the Decree, or the conviction to a penalty involving the disqualification, even temporary, from public offices, or temporary disqualification from the legal offices of legal persons.

The Board of Directors evaluates the permanence of the aforementioned requirements and operating conditions of the Supervisory Body.

3.2 Duration and termination of office

The Supervisory Body remains in office for the duration of 3 financial years.

The termination of the office due to the expiry of the term takes effect from the moment in which the Supervisory Body is reconstituted. Termination of office may also occur due to renunciation, forfeiture, withdrawal or death.

If the requirements of the Supervisory Body, mentioned above, should cease during the term of office, in the event of impossibility occurring or for just cause, the Board of Directors, having consulted the Board of Statutory Auditors, will proceed to revoke the appointment and its replacement with a different individuals that meets the necessary requirements.

Just cause of withdrawal shall mean:

- the disqualification or inability or a serious infirmity that causes (one of the members of the) Supervisory Body to be unsuitable to perform their supervisory functions, or an infirmity which, in any case, involves the absence from work for more than six months;
- a serious breach of his/her own duties as defined in this Model;
- a conviction of the Company pursuant to the Decree, which has become final, or a criminal proceeding concluded through the so called "plea bargaining", where the records show "omitted or insufficient supervision" by the Supervisory Body, according to the provisions of art. 6, paragraph 1, letter d) of the Decree;
- a conviction, which has become final, against (one of the members) of the Supervisory Body for having personally committed one of the offences referred to in the Decree;
- a conviction, which has become final, condemning (one of the members) of the Supervisory Body to a disqualification penalty, even temporary, from the public offices, or the temporary disqualification from the management offices of legal persons and companies;
- the violation of the duty of confidentiality relating to the identity of the corporate functions that report significant illegal conduct pursuant to (It.) Legislative Decree 231/2001 or violations of the Model.

In the event that a sentence has been issued, the Board of Directors, while pending the final judgment, may also order - having heard the Board of Statutory Auditors - the suspension of the powers of the Supervisory Body and the appointment of a Body Supervisory Body *ad interim*.

The member of the Supervisory Body who waives the appointment is required to provide written notice to the Board of Directors so that he/she can be timely replaced.

Furthermore, in the case of an internal member, any termination of the employment relationship between the member of the Supervisory Body and Bottero normally involves the withdrawal of office.

In the event of resignation, forfeiture, withdrawal and death, the Board of Directors will replace the member of the Supervisory Body who left office, after consulting the Board of Statutory Auditors. The member thus appointed remains in office for the residual term of office of the Supervisory Body.

3.3 Functions, activities and powers of the Supervisory Body

The Supervisory Body is completely autonomous in the performance of its tasks and its decisions are unquestionable. In particular, the Supervisory Body must:

- monitor compliance with the Model by the Recipients of the Model;
- monitor the effectiveness and adequacy of the Model in relation to the corporate structure and to the effective capacity to prevent the commission of the Offences;
- take care of updating the Model, through proposals to the Board of Directors, where there is a need to adapt the same in relation to changed company, regulatory or external conditions;
- receive detailed reports of illegal conduct, relevant pursuant to (It.) Legislative Decree 231/2001 and based on precise and consistent factual elements, or violations of the Model, ensuring the confidentiality of the identity of the reporting party.

The Supervisory Body must also:

- *ex ante* (for example, training and informing Employees);
- continuously (through monitoring, supervision, revision and updating activities);
- *ex post* (by analysing causes, circumstances that led to the violation of the provisions of the Model or to the commission of the Offence).

For an effective performance of the aforementioned functions, the Supervisory Body is entrusted with the following tasks and powers:

- to periodically verify the map of the areas at risk, in order to guarantee the adaptation to changes in the activity and/or in the company structure;
- to collect, process and store relevant information regarding the Model;
- to periodically verify the effective application of the company control procedures in the areas of activity at risk and their effectiveness;
- to verify the adoption of interventions aimed at solving critical issues in terms of internal control systems;

- to periodically carry out checks on specific operations or acts carried out in the context of Sensitive Activities;
- to conduct internal investigations and carry out inspections to ascertain alleged violations of the provisions of the Model;
- to monitor the adequacy of the disciplinary system envisaged for cases of violation of the rules defined by the Model;
- to coordinate with the other company functions, as well as with the other control bodies (*firstly* the auditing company and the Board of Statutory Auditors), also through special meetings, for the best monitoring of the activities in relation to the procedures established by the Model, or for the identification of new risk areas as well as, in general, for the evaluation of the various aspects relating to the implementation of the Model;
- to coordinate with the heads of the company departments, in order to promote initiatives for the dissemination of knowledge (also with specific reference to the organization of training courses) and of understanding of the principles of the Model and in order to ensure the preparation of the internal organizational documentation necessary for the operation of the same, containing instructions, clarifications or updates;
- to perform periodic checks on the content and quality of training programs;
- to propose to the Board of Directors the evaluation criteria for the identification of Sensitive Activities.

To this end, the Supervisory Body will have the right to:

- issue provisions and service orders intended to regulate the activity of the Supervisory Body itself;
- access any and all relevant corporate documents for the performance of the functions attributed to the Supervisory Body pursuant to the Decree;
- issue general and specific directives to the various corporate structures, including top management, in order to obtain from them the information deemed necessary for the performance of their duties, so that the prompt detection of any violations of the Model is ensured;
- carry out periodic checks on the basis of its own activity plan or even *one-off* interventions which are not planned in said plan, but which, in any case, are deemed necessary for the performance of its duties.

In carrying out its tasks, the Supervisory Body will in any case have the right to have recourse to the support of external collaborators, identifiable as individuals belonging to any corporate function of the Company which, from time to time, would be useful to involve in the pursuit of specified purposes, and/or of third party consultants.

The staff of the Supervisory Body, on the mandate of the Supervisory Body itself, may, even individually, proceed with the supervisory activities deemed appropriate for the functioning and observance of the Model.

The individuals belonging to a corporate function, in the performance of the assignment conferred to them as collaborators of the Supervisory Body, are temporarily exempt from carrying out their company operational functions and respond exclusively to the Supervisory Body.

The Supervisory Body establish its own regulation (hereinafter, for the sake of brevity, the "**Regulation**") which will ensure its organization and operational aspects such as, for example, the frequency of inspections, the methods of resolutions, the procedures for calling meeting and preparing the minutes of the meetings, resolving conflicts of interest and amending/revising the regulation itself. Furthermore, as part of the Regulations, the Supervisory Body must expressly provide for formalized meetings and comparisons, in particular with:

- the Board of Statutory Auditors;
- the Board of Directors
- the corporate functions involved

The objective of these meetings will mainly be the comparison and coordination with the individuals involved in first line in the implementation of the control system, each one according to the area to which he/she belongs, in order to allow the Supervisory Body to seize opportunities to improve the existing controls for the purposes of the Model's effectiveness. In this perspective, the Supervisory Body will verify the effectiveness of the information flows towards itself with the same subjects, as they are defined in paragraph 3.5.

The Supervisory Body will regulate the operating procedures and the frequency of organization of these meetings, identifying the individuals involved from time to time, as well as the agenda thereof. Furthermore, the Supervisory Body will prepare a plan of the activities for itself that it intends to carry out in order to fulfil the tasks assigned to it, which will have to be communicated to the Board of Directors (hereinafter, for the sake of brevity, the "**Activity Plan**").

3.4 Relations between the Supervisory Body and the Subsidiaries

The Bottero Supervisory Body is assigned, in compliance with the autonomy of the Subsidiaries and the limits imposed by legal provisions, with the task of developing the information exchanges deemed appropriate with the Supervisory Bodies of the subsidiary companies (for example analysis of the regulatory changes, jurisprudential indications, identification of common guidelines on the inspection activities carried out).

3.5 Information flows towards the Supervisory Body

3.5.1 Reporting obligations

To protect the integrity of the Company, all the functions of Bottero have the obligation to report to the Supervisory Body the relevant illegal conduct pursuant to (It.) Legislative Decree 231/2001 and the violations of the Model of which they have become aware due to the duty performed (so called "reports").

However, every person operating on behalf of the Company is obliged to transmit to the SB in addition to all the information deemed useful to facilitate the activity of monitoring the effectiveness of the Model, or relating to events that could generate violations of the Model, of its general and control principles and of the Code of Ethics in relation to the crimes provided for by (It.) Legislative Decree 231/01, as well as in relation to their unsuitability, ineffectiveness and any other aspect potentially relevant to these purposes.

The reports of significant crimes 231 and violations of the Model must be detailed and based on precise and consistent factual elements and must offer the greatest number of elements in order to allow the SB to carry out the necessary checks.

The SB also takes into consideration anonymous reports, in case these are adequately detailed, where they are able to identify facts and situations relating them to specific contexts.

Reports based on mere rumours or suspicions will not be considered.

The method of transmission of such information must be direct and must be made in writing.

In order to facilitate the acquisition of the information necessary for the performance of its tasks, the Supervisory Body prepares specific forms and discloses them appropriately.

Alternatively, an SB e-mail address was activated to which the company functions can send their reports: odv@Bottero.com

If the subject of the report concerns one of the members of the SB, the report is addressed through the paper forms directly to the Board of Directors, which will act as indicated in paragraph 3.2.

If at the end of the internal assessment carried out by the SB or at the end of a criminal, civil or administrative proceeding, the report is groundless and it is also clear that the report was made with

intention or serious negligence, the reporting person is sanctioned, following disciplinary proceedings, as indicated in chapter 5.

In the event that the Supervisory Board recognizes elements that are not manifestly groundless, it reports the mere fact by maintaining the confidentiality of the identity of the informant, for the adoption of the consequent measures:

- to the person in charge of the area where the fact occurred for the acquisition of investigatory elements;
- to the person in charge of the disciplinary procedure, for any disciplinary responsibility profile.

The other company figures inform the SB of the adoption of any measure under their responsibility.

3.5.2 Protection of the reporting party

Pursuant to art. 6, paragraph 2 bis of (It.) Legislative Decree 231/2001, moreover, all the company functions and all those who work for the Company are required to ensure the confidentiality of the identity of the corporate functions that report significant illegal conduct pursuant to (It.) Legislative Decree 231/2001 or violations of the Model.

This confidentiality must be ensured during all stages of the management of the report, in order to prevent any act of retaliation or discrimination, direct or indirect, against the reporting person for reasons connected, directly or indirectly, with the report.

In compliance with the duty of confidentiality, the information acquired by the SB will be treated in such a way as to guarantee:

- (a) respect for the confidentiality of the identity of the reporting person and of the report made;
- (b) the non-occurrence of acts of retaliation, penalization or discrimination against those reporting;
- (c) the protection of the rights of the subjects in relation to whom reports have been made.

All information, notifications or reports are kept by the SB in a strictly confidential archive.

If, in the context of a disciplinary procedure, the dispute is founded, in whole or in part, on the report and the knowledge of the identity of the informant is indispensable for the defence of the accused, the report can be used for the purposes of the disciplinary procedure only after the informant's consent to the disclosure of his/her identity.

In this case, the person in charge of the disciplinary procedure becomes aware of the identity of the informant only after the latter has given consent to the disclosure of his/her identity.

However, the person in charge of the procedure must observe the same duties of conduct, aimed at protecting the privacy of the informant, to which the members of the SB are bound.

It is strictly forbidden for any company function, of any level and position, to engage in acts of retaliation or discrimination, direct or indirect, against another company function that has reported significant illegal conduct pursuant to (It.) Legislative Decree 231/2001 or violations of the Model, for reasons connected, directly or indirectly, to reporting.

The retaliatory or discriminatory dismissal of the reporting person and the change of duties pursuant to Article 2103 of the (It.) Civil Code, as well as any other retaliatory or discriminatory measure adopted against the reporter, are to be considered in any case null and void of any legal effect.

Any company function that undertakes retaliatory or discriminatory actions against the reporting person or, however, violates the duty of confidentiality and the measures to protect the identity of the reporting person, is grounds for disciplinary action and is therefore punishable according to what is indicated in chapter 5.

The company functions that suffer retaliatory or discriminatory measures as a result of reporting predicate crimes or violations of the Model can report these measures to the National Labour Inspectorate, either personally or through the trade unions indicated by them.

The SB will evaluate the reports received with discretion and responsibility, processing the data and documents that are the subject of the report in compliance with the legislation on the protection of personal data.

Accordingly, it may choose to interview the person reporting an alleged violation or the alleged perpetrator of the alleged violation and carry out the appropriate investigations.

Violation of the duty of confidentiality and of measures to protect the identity of the informant is just cause for the withdrawal of the members of the SB.

3.5.3 Information obligations

In addition to the aforementioned reports, in addition to the provisions of the individual sections of the Special Section, the information concerning the following (so called “information”) must be sent to the Supervisory Body:

1. the anomalies or inconsistencies found in the performance of work activities, with reference to the risk areas identified in the Model;
2. the violation of the procedures provided for in the Model;
3. the provisions or notifications coming from judicial police bodies or any other authority, from which it is possible to infer the carrying out of investigations, also against unknown persons, for the offences referred to in (It.) Legislative Decree 231/2001 concerning the Company and the recipients of the model, directly or indirectly;
4. visits, inspections and investigations initiated by the competent bodies (merely by way of example: ASL, INPS, INAIL, Guardia di Finanza (Italian finance police), etc.) and, at their conclusion, any findings and penalties imposed;
5. internal reports from which responsibilities emerge on the part of corporate subjects for the cases of offences envisaged by the decree;
6. audit reports concerning sensitive areas and/or processes pursuant to the Decree;
7. the disciplinary proceedings carried out, any sanctions imposed or the filing measures of such proceedings with the related reasons, if they fall within the scope of application of the Decree;
8. detected organizational or procedural deficiencies suitable to determine the effective danger of committing offences relevant for the purposes of the Decree;
9. lack of cooperation by the Company Areas (in particular, refusal to provide the Body with documentation or data requested, or an obstacle to its activity);
10. existence of criminal proceedings against subjects who operate on behalf of the Company, or of proceedings against the company in relation to relevant crimes pursuant to the Decree;
11. the outcome of the investigations carried out following the start of investigations by the Judicial Authority regarding relevant crimes pursuant to the Decree;
12. any information deemed useful and appropriate for the performance of the functions of the Supervisory Board.

The disclosure obligations towards the SB also include news related to:

- changes to the composition of corporate bodies;

- changes in the corporate organizational structure;
- changes in the proxies and powers of attorney assigned.

Furthermore, following the communications received from the Supervisory Body, the concerned departments must promptly take action to eliminate the aforementioned criticalities, providing, if necessary, to modify or update the affected parts of the model. Then they will have to promptly communicate the solutions adopted to the SB.

For further reporting obligations towards the Supervisory Body within the sensitive areas regulated in the individual sections, please refer to the Sections of Special Section of this model as well as to the "Information flows to the SB" procedure.

3.6 Reporting to the corporate bodies

In order to fully comply with the provisions of the Decree, the Supervisory Body is a body that reports directly to the Company's top management (Board of Directors) and who is not tied to the operating structures by any hierarchical constraint, so that it has full autonomy and independence in performing its functions.

The activities carried out by the Supervisory Body cannot be syndicated by any other company body or structure, without prejudice to the fact that the Board of Directors is however called upon to supervise the adequacy of the Supervisory Body's action, as it is ultimately responsible for the functioning and effectiveness of the Model.

As a further guarantee of autonomy, in the context of the procedures for forming the corporate *budget*, the Board of Directors must approve an endowment of financial resources, proposed by the Supervisory Body itself, of which the Supervisory Body will be able to freely dispose for any necessary need to the correct performance of tasks (e.g. specialist consultancy, travel, etc.).

The Supervisory Body must prepare on an annual basis, for the Board of Directors, an information report, regarding the supervisory activity performed, the outcome of this activity and the implementation of the Organization and Management Model of Bottero and on a half-yearly basis regarding the application of the Special Section, Section C, *Crimes regarding Occupational Health and Safety*, this report must also be sent to the Board of Statutory Auditors.

3.7 Checks on the suitability of the model

The SB may periodically carry out specific checks on the actual capacity of the Model to prevent crimes.

To facilitate the oversight and control activity of the SB, referents have been identified for each procedure

To this end, a verification activity, concerning all the reports received during the year, the actions undertaken by the SB, any sample checks undertaken and the awareness of the recipients of the Model with respect to the application of the same is carried out.

The SB may avail itself of the support of internal functions which become necessary from time to time and which are required to comply with the same duties of confidentiality that affect the members of the SB.

The checks and their results are included in the reports provided by the Model.

3.8 Storage of information

The information, notifications and *reports* provided for by the Organizational Model are kept by the Supervisory Body in a special database (IT and/or paper) strictly reserved for a period of 10 years.

Access to data in the *database* is allowed only to members of the Supervisory Body and to persons delegated and authorized by them.

These latter subjects, in consulting the information contained in the *database*, are required to observe the same duties of conduct, aimed at protecting the privacy of the reporting parties, to which the members of the Supervisory Body are bound; any violations of these duties constitute, for the subjects belonging to the Company, a disciplinary offence and involve the responsibility foreseen by the following chapter.

4 DISSEMINATION OF THE MODEL: INFORMATION, COMMUNICATION AND TRAINING

Bottero is aware of the importance of the dissemination and communication of the Organization and Management Model and of the Code of Ethics to the Recipients, as well as of the particular training of Employees for the purposes of the correct and effective functioning of the Model and, therefore, it undertakes to give wide dissemination to the principles contained in this Organization and Management Model and in the Code of Ethics by adopting the most appropriate initiatives to promote and disseminate their knowledge.

Both the Model, as well as the relevant application protocols, and the Code of Ethics are made available to Employees, both through IT tools, including the company *intranet*, and paper tools.

All Employees and members of the Bottero Board of Directors are required to know the contents of the Organization and Management Model (and related procedures) and of the Code of Ethics, to observe it and contribute to its effective implementation.

In order to guarantee the effectiveness of the Organization and Management Model, the communication will be widespread, effective, authoritative, clear and detailed, as well as periodically repeated.

The activity of dissemination, communication and training with regard to Employees involves the carrying out of adequate training programs, which are differentiated according to the different company functions involved and to the personnel involved and according to the activity and position held, by taking into account the processes and activities at risk of Crime.

The information, training and updating meetings will be held on a regular basis, and they will ensure that the Employees are aware of the contents of the Model and are adequately informed about every aspect connected to its effectiveness and implementation (with reference, for example, to the existence of rules of conduct, procedures, the division of organizational and authorization powers, information flows, etc.).

The training courses prepared for Employees must be compulsory: it is a task of Bottero Human Resources department to inform the Supervisory Body of the results in terms of acceptance and approval of these courses.

Bottero promotes the knowledge and the observance of the Code of Ethics also among the commercial and financial partners, the consultants, the collaborators in any capacity and, in general, with anyone who has professional relationships with the Company.

In order to guarantee knowledge and information on the policy and the procedures adopted by the Company, the Company has the right to include in the contracts with Third Parties a specific clause according to which the contracting parties undertake to respect the principles of the Code of Ethics.

5 DISCIPLINARY SYSTEM

5.1 Purpose of the disciplinary system

Bottero considers the compliance with the Organization and Management Model and the Code of Ethics to be essential. Therefore, in compliance with art. 6, paragraph 2, letter e), of the Decree, Bottero adopted an

adequate system of sanctions to be applied in the event of failure to comply with the Code of Ethics and the Organization and Management Model, since the violation of these rules and measures, imposed by Bottero for the purposes of crime prevention, harms the relationship of trust established with Bottero.

For the purposes of application by the Company of the disciplinary sanctions envisaged therein, the establishment of any criminal proceeding and their outcome are irrelevant, since the rules and measures provided for in the Code of Ethics and in the Organization and Management Model are adopted by Bottero in full autonomy, regardless of the offence that any conduct can determine.

In no case may a conduct which is unlawful, illegitimate or otherwise violating the Code of Ethics and/or the Organization and Management Model be justified or deemed less serious, even if it is carried out in the interest or to the advantage of the Company. Attempts are also sanctioned and, in particular, unequivocal acts or omissions aimed at violating the rules and regulations established by Bottero, even if the action is not carried out or the event does not occur for any reason whatsoever.

5.2 Disciplinary system

In compliance with the applicable legislation, Bottero informs its Employees of the provisions, principles and rules contained in the Organization and Management Model.

The violation by the Employee of the provisions, principles and rules contained in the Code of Ethics and in the Organization and Management Model constitutes a disciplinary offence, punishable according to the dispute procedures and with the imposition of the sanctions provided for by the disciplinary code adopted by Bottero (hereinafter, for brevity, the "**Disciplinary Code**"), as updated from time to time. The disciplinary system has been established in full compliance with all legal provisions concerning labour and, in particular, in compliance with the provisions of art. 7 of (It.) Law 30 May 1970 no. 300 (Workers' Statute) and the National Collective Labour Agreement applied.

The aforementioned disciplinary offences may be punished, depending on the seriousness of the deficiencies, with the following measures:

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

according to the provisions of the Disciplinary Code adopted and updated from time to time.

The type and extent of each sanction will be decided taking into account:

- the intention of the behaviour or the degree of negligence, imprudence or inexperience with regard also to the predictability of the event;
- the overall behaviour of the Employee, with particular regard to the existence or non existence of previous disciplinary measures of the same, within the limits of the law;
- the duties of the Employee;
- the functional position and the level of responsibility and autonomy of the persons involved in the facts constituting the failure;
- other particular circumstances relating to the disciplinary offence.

The Supervisory Body is responsible for monitoring, verifying and assessing the suitability of the disciplinary system in the light of the Decree together with the Company HR Department.

As regard to violations of the individual rules referred to in this Model, implemented by the Company's managers, they constitute also disciplinary offence. The disciplinary sanctions enforceable against managers - in accordance with the procedures provided for in article 7 of (It.) Law 30 May 1970 no. 300 (Workers' Statute) of any applicable special regulations - are those provided by the following sanctioning system:

- dismissal with notice;
- dismissal without notice.

However, the company department responsible shall always keep the Supervisory Board informed of the sanctions applied and/or infringements found.

Furthermore, for managers, a serious violation of the provisions of the Model is represented by:

- failure to comply with the obligation of management or supervision of employees regarding the correct and effective application of the Model;
- non-compliance with the obligation to direct and supervise other workers who, although not tied to the Company by a subordination constraint (for example, of self-employed workers, consultants, coordinated and continuous collaborators, etc.), are in any case subject to management and supervision of the manager pursuant to art. 5, paragraph 1, letter b) of the Decree, without prejudice to the qualification of the contract with these workers.

Upon notification of violations of the Organization and Management Model by the members of the Board of Directors, the Supervisory Body is required to promptly inform the entire Board of Directors and the Board of Statutory Auditors, aiming at the adoption of appropriate measures including, for example, the convocation of the Shareholders' Meeting in order to adopt the most suitable measures.

Upon notification of violations of the Organization and Management Model by one or more of the members of the Board of Statutory Auditors, the Supervisory Body communicates the news of the violation committed by one or more members of the Board of Statutory Auditors to the Chairman of the Board of Directors and to the Chief Executive Officer. The Board of Directors urgently convenes the Shareholders' Meeting to order the possible revocation pursuant to art. 2400, paragraph 2, (It.) Civil Code.

Upon notification of violations of the Organization and Management Model (to the extent applicable) by the auditors, the Supervisory Body is required to promptly inform the Board of Directors and the Board of Statutory Auditors for the adoption of the appropriate measures including, for example, the convocation of the Shareholders' Meeting in order to adopt the most suitable measures.

5.3 Measures towards External Collaborators

Any conduct put in place by external collaborators, which is in contrast with the policies indicated by this Model and such as to entail the risk of commission of an offence, may determine, according to the provisions of the specific contractual clauses included in the letters of assignment or contracts, the termination of the contractual relationship, without prejudice to any request for compensation, should this result in concrete damage to the Company, as in the case of application by the judge of the measures provided for by the Decree.

5.4 Additional measures

Bottero has the right to avail itself of all other remedies permitted by law, including the possibility of requesting compensation for damages resulting from the violation of the Decree by all the subjects listed above.

The behaviours in violation of the Code of Ethics put in place by third parties that have contractual relations with the Company (commercial and financial partners, consultants, collaborators,), as regards the principles applicable to them, can lead to the termination of the relations according to the provisions of the clauses which the Company has the right to include in the relative contracts.