



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

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REV.	DATE	APPROVED:	NOTES
01	13/05/2019	Board of Directors	

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**Annex 1** - *Catalogue of Infringements and Administrative Offences*

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## DEFINITIONS

For the purposes of the Organisation, Management and Control Model *pursuant to* Legislative Decree 231/2001, unless otherwise specified, the terms listed below shall have the meaning ascribed to each of them as follows:

- **Legislative Decree:** Legislative Decree no. 231 of 8 June 2001, entitled “*Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law no. 300 of 29 September 2000*”, published in the Official Gazette no. 140 of 19 June 2001, as well as subsequent amendments and supplements, including Law 146/2006, which in Article 10 refers to its application.
- **Recipients:** Individuals to whom this Organisational Model is addressed and who are required to comply with it.
- **Body (or Company):** legal person, company or association, even without legal personality. In this Organisational Model: Scrigno S.p.A. (hereinafter also referred to more briefly as “**Scrigno**” or “**Company**”).
- **Organisational Model:** Organisation and Management Model adopted by the Company, as provided for in Articles 6 and 7 of the Legislative Decree, as an organic set of principles, rules, provisions, organisational schemes and related tasks and responsibilities, aimed at preventing the infringements referred to in the Legislative Decree.
- **Supervisory Board (SB):** Board provided for in Article 6 of the Legislative Decree, with the task of supervising the operation of and compliance with the Organisational Model, as well as ensuring that it is updated.
- **Principles of Conduct:** general principles of conduct, set out in the Special Section, with which the Recipients must comply in carrying out the activities envisaged by the Organisational Model.
- **Risk Processes:** corporate activities or phases of the same, the performance of which could give rise to unlawful conduct (infringements or administrative offences) referred to in the Legislative Decree.
- **Protocol or Procedure:** specific procedure for the prevention of infringements and administrative offences and for the identification of individuals involved in the risk phases of corporate processes.
- **Infringements:** infringements or administrative offences which, if committed, may entail Scrigno’s administrative liability.
- **Disciplinary System:** the set of sanctioning measures envisaged for Recipients who do not comply with the Principles of Conduct and operating procedures contained in the Organisational Model and Protocols/Procedures.
- **Top Management (so-called Senior Management):** President, CEO and members of the Board of Directors.

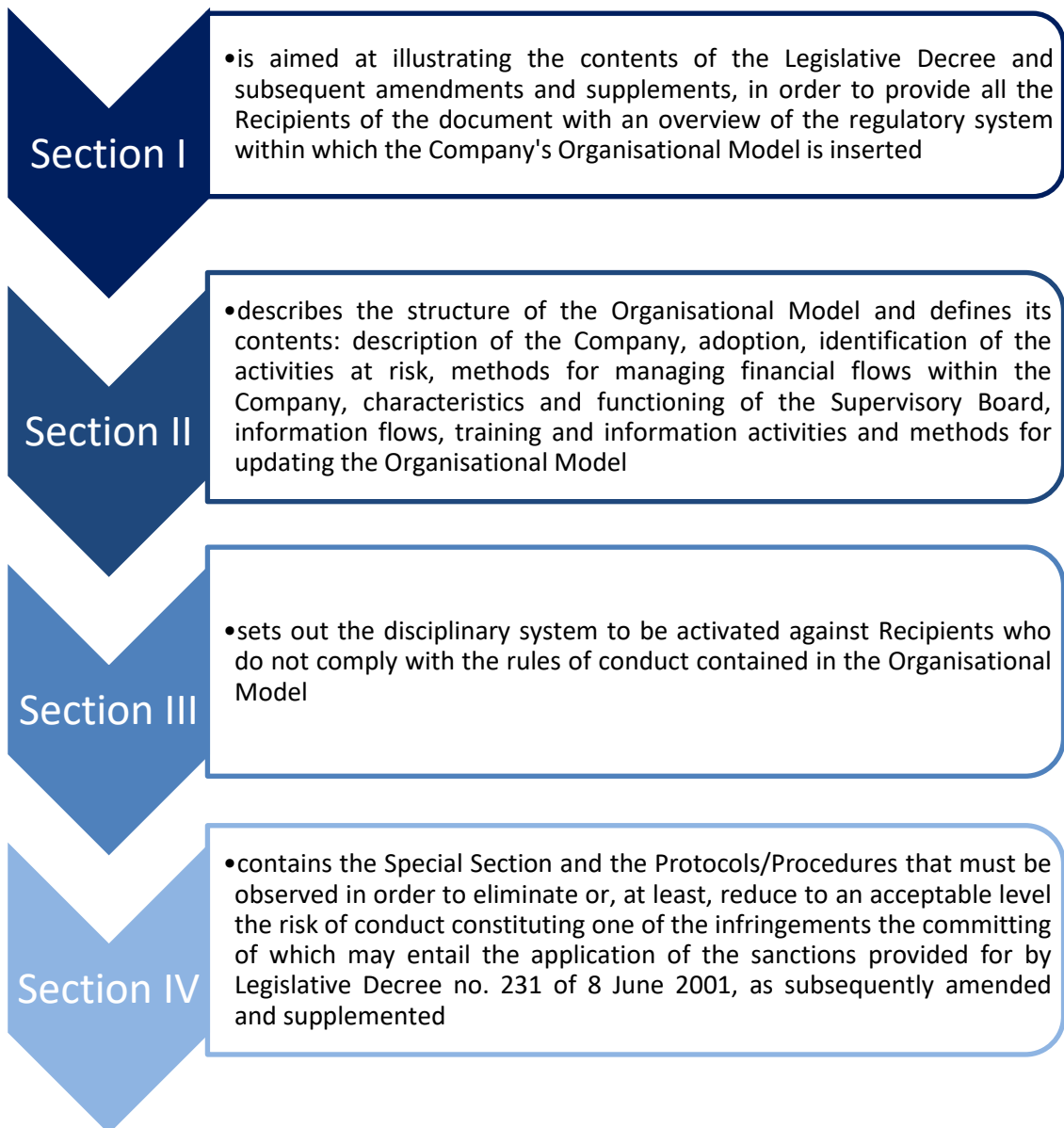
Terms defined in the singular form shall also be understood in the plural when the context so requires and vice versa.

The definitions contained herein also apply when used in the Special Section and in the Protocols.

## STRUCTURE OF THE DOCUMENT

The purpose of this document is to illustrate the constituent elements of Scrigno's **Organisational Model**.

It consists of four sections whose contents are summarised below.



## SECTION I

### 1 LEGISLATIVE DECREE NO. 231/2001

**Legislative Decree No. 231 of 8 June 2001** introduced a system of administrative liability of **Bodies** into the Italian legal system.

The enactment of the **Legislative Decree** is part of a national legislative context of implementation of international obligations.

The original text, which referred to a series of infringements committed against the public administration, was supplemented by subsequent legislative measures which broadened the range of offences whose committing may entail the administrative liability of the **Body**. In addition, Law 146/06 provides for the liability of the **Body** in the event of the committing of certain infringements (so-called Transnational Crimes).

The **Body's liability** - similar to criminal liability - arises as a result of the committing, by a person linked by a functional relationship with the **Body** itself, of one of the **Infringements** specifically provided for in the **Legislative Decree**.

The **Body** may be liable if the **Infringements** are committed **in their interests or their advantage**, but not if the perpetrator has acted solely in their own interest or that of third parties.

The functional relationship linking the **Offender** to the legal person may be one of representation, subordination or collaboration, within the limits provided for by the **Legislative Decree**.

If the perpetrator of the **Offence** is a natural person who holds positions of representation, administration, management or monitoring of the **Body** or of one of its organisational units with financial and functional autonomy, as well as a person who exercises, also de facto, the management and control of the **Body**, the latter shall be held responsible. This is because the natural person expresses, represents and implements the management policy of the **Body**.

There is no presumption of liability on the part of the **Body** if the perpetrator of the **Offence** is a person under the management or supervision of one of the subjects referred to in the preceding period, so that, in this case, the event of the subordinate only entails the responsibility of the **Body** if it appears that its realisation was made possible by the non-observance of the management and supervision obligations.

The (administrative) liability of the **Body** is additional to the (criminal) liability of the individual and not a substitute for it. The circumstance that the **Body** is called to answer for the offence even when the perpetrator has not been identified or cannot be charged, or when the offence is extinguished for reasons other than amnesty, derives from the substantial autonomy of this liability. The criminal liability of natural persons remains governed by ordinary criminal law.

The legislator has provided for a **system of sanctions** characterised by the application to the legal person of a sanction, normally a pecuniary one.

Together with the pecuniary sanction, in some cases, disqualifying sanctions may also be applied, such as disqualification from exercising the activity, suspension or revocation of authorisations, licences or concessions related to the committing of the offence, prohibition to contract with the Public Administration, exclusion from concessions, financing, contributions or subsidies, revocation of those already granted, prohibition to advertise goods or services.

In addition to these sanctions - pecuniary and disqualifying - there is the confiscation (always imposed with the conviction) of the price or profit of the offence (also “for equivalent”) and, in certain cases, the publication of the conviction.

The Legislator has also provided that such disqualifying measures - where there are serious indications of liability of the **Body** and there are well-founded and specific elements suggesting that there is a concrete danger of offences of the same kind being committed - may be applied, at the request of the Public Prosecutor, also as a precautionary measure, already during the investigation phase.

If specific conditions are met, the Judge, when applying a disqualification penalty which would lead to the interruption of the Body's activity, has the power to appoint a commissioner to supervise the continuation of the activity itself, for a period corresponding to the duration of the disqualification penalty which would have been applied.

Foreign companies operating in Italy are also subject to the rules of the **Legislative Decree**, irrespective of the existence or otherwise in their country of origin of rules governing the same matter in a similar manner.

## **2 INFRINGEMENTS GIVING RISE TO ADMINISTRATIVE LIABILITY OF THE BODY**

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Infringements from which administrative liability of the body may arise (so-called “predicate offences”) are expressly indicated in the **Legislative Decree** and in certain regulatory provisions which have broadened their scope:

- **infringements committed in dealings with the Public Administration** (Articles 24 and 25 of Legislative Decree 231/2001 and supplemented by Law 190/2012 and partly amended by Law 119/2013, Law 69/2015, and Law 3/2019);
- **computer crimes and unlawful processing of data** (Article 24-*bis* of Legislative Decree 231/2001 introduced by Law 48/2008 and partially amended by Legislative Decree 7/2016);
- **organised crime offences** (Article 24-*ter* of Legislative Decree 231/2001 inserted by Law 94/2009);
- **forgery of coins, legal tender, revenue stamps and crimes relating to distinctive signs** (Article 25-*bis* of Legislative Decree 231/2001 introduced by Law 409/2001, supplemented by Law 99/2009 and partly amended by Legislative Decree 125/2016);
- **offences against trade and industry** (article 25-*bis.1* Legislative Decree 231/2001 introduced by Law 99/2009);
- **corporate infringements** (Article 25-*ter* of Legislative Decree 231/2001 introduced by legislative Decree 61/2002 and partly amended by Law 262/2005, supplemented by Law 190/2012 and amended by Law 69/2015 and by Law 3/2019);
- **offences related to terrorism or subversion of the democratic order** (article 25-*quater* Legislative Decree 231/2001 introduced by Law 7/2003);
- **female genital mutilation practices** (article 25-*quater* 1 Legislative Decree 231/2001 introduced by Law 7/2006);
- **crimes against individuals** (article 25-*quinquies* Legislative Decree 231/2001 introduced by Law 228/2003, partly amended by Law 38/2006 and subsequently by Legislative Decree 39/2014);



- **market abuse** (article 25-*sexies* Legislative Decree 231/2001 introduced by Law 62/2005 and amended by Legislative Decree 107/2018);
- **culpable homicide and grievous or very grievous bodily harm committed in breach of occupational health and safety regulations** (article 25-*septies* Legislative Decree 231/01 introduced by Law 123/2007 and subsequently replaced by article 300 of Legislative Decree 81/2008);
- **handling stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering** (article 25-*octies* Legislative Decree 231/2001 introduced by legislative Decree 231/07 and partly amended by Law 186/2014);
- **copyright infringement offences** (article 25-*novies* Legislative Decree 231/2001 introduced by Law 99/2009);
- **inducement not to make statements or false statements to the judicial** authorities (article 25-*decies* Legislative Decree 231/2001 introduced by Law 116/09 and amended by Legislative Decree 121/2011);
- **environmental infringements** (article 25-*undecies* Legislative Decree 231/2001 introduced by Legislative Decree 121/2011, and amended by Law 68/2015);
- **employment of illegally residing third-country nationals** (article 25-*duodecies* Legislative Decree 231/2001 introduced by legislative Decree 109/2012 and amended by Law 17 October 2017, no. 161);
- **racism and xenophobia** (article 25-*terdecies* Legislative Decree. 231/2001 introduced by Law 167/2017);
- **transnational crimes** (category of infringements introduced with Law 146/2006).

The description of the individual conducts relevant to criminal law is referred to in **Annex 1 - Catalogue of Infringements and Administrative Offences**.

### **3 ORGANISATION, MANAGEMENT AND CONTROL MODELS**

The Legislative Decree provides for a **specific form of exemption from liability** for the Body if:

- a) the management body has adopted and effectively implemented, prior to the committing of the offence, "*organisation, management and monitoring models*" capable of preventing the **Infringements**;
- b) the task of supervising the operation of and compliance with the models, as well as ensuring that they are updated, has been entrusted to a board of the entity endowed with autonomous powers of initiative and monitoring;
- c) the persons who committed the offence acted by fraudulently evading the aforementioned organisation, management and monitoring models;
- d) there has been no omission of or insufficient supervision by the body referred to in (b) above.

The **Organisational Model** is the set of rules, set out in the Special Section and in the Protocols, both of a behavioural nature ("*Principles of Conduct*"), and of monitoring, the observance of which - in the carrying out of activities within the scope of the **Risk Processes** - makes it possible to prevent unlawful, incorrect or irregular conduct.

Failure on the part of **Recipients** to comply with the Principles of Conduct and the operating procedures set out in the Special Section and in the Protocols is punishable. To this end, the Organisational Model also includes a disciplinary system, provided for and illustrated in this document.

#### **4 THE CONFINDUSTRIA GUIDELINES**

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In preparing this document, Scigno drew inspiration from the Confindustria Guidelines.

It is understood that the decision not to adapt the Organisational Model to some of the indications of the Confindustria Guidelines does not affect its validity. Since the Organisational, Management and Control Models have to be drafted with reference to the actual reality of the Company, they may well deviate from the Confindustria Guidelines which, by their very nature, are general.

## SECTION II

### 5 COMPANY DESCRIPTION

#### 5.1 SCRIGNO S.P.A. HISTORY AND ACTIVITIES

Established in 1989, Scigno is a *leader* in the design, manufacture and commercialisation of exclusive frames for concealed sliding doors and windows.

Scigno's mission is to create door opening systems of outstanding quality, which improve the comfort and environment of their users, and to contribute to the quality of living.

The Company operates through three different locations, namely:

- Via Casale Sant'Ermete, Santarcangelo di Romagna;
- Via Pietà, Savignano sul Rubicone;
- Via Bevilacqua, Savignano sul Rubicone;

Since 2003 it has had a branch in central France, at Montceau-les-Mines with Scigno France, since 2009 in Barcelona with Scigno España, since 2014 in Prague with Scigno SRO and, most recently, since March 2019 in Frankfurt with Scigno Deutschland.

Scigno is also active in the security industry with its subsidiary Master, manufacturing 30,000 security doors a year at its Piacenza factory.

Scigno has UNI EN ISO 9001:2015 Quality System Certification.

#### 5.2 CODE OF ETHICS

On 13 May 2019, the Code of Ethics was approved (**Annex 2**), which defines the values that inspire the **Company** during the carrying out of its activities.

The Code of Ethics contains the ethical principles and rules of conduct that Top Management, Employees, Consultants, Collaborators, Business Partners, Suppliers and all those who work in the name of or on behalf of the **Company** are required to respect and/or share.

The provisions of the **Organisational Model** are inspired by the ethical principles and rules of conduct contained in the Code of Ethics and are integrated and compatible with it.

#### 5.3 PURPOSE AND STRUCTURE OF THE ORGANISATIONAL MODEL

The adoption of an **Organisational Model** in line with the provisions of the **Legislative Decree** and in particular of Articles 6 and 7, together with the issuance of the Code of Ethics, was undertaken in the belief that this initiative may also constitute a valid tool to raise awareness among the Recipients, so that they, in the execution of their activities, adopt a correct and straightforward conduct, so as to prevent the risk of committing Predicate offences.

More specifically, the Model puts forward the following aims:

- a) to set up a **structured, organic system of prevention and monitoring**, aimed at reducing the risk of the committing of infringements related to the company's activities and preventing/countering any unlawful conduct;
- b) to instil, in all those who work in the name of and/or on behalf of the **Company**, particularly in "areas of activity at risk", an **awareness that**, by violating the provisions indicated, they may incur an **offence punishable by sanctions**, including criminal sanctions, and which may

also entail sanctions for the **Company**;

- c) to inform the Recipients that violation of the provisions contained in the Model with which they are required to comply will result in the ***application of appropriate sanctions and, in the most serious cases, termination of the contractual relationship***;
- d) to reiterate that the ***Company does not tolerate unlawful conduct*** of any kind and for any purpose whatsoever, since such conduct (even if the Company were apparently in a position to benefit from it) is in any case contrary to the ethical principles with which the **Company** intends to comply.

The Organisational Model prepared by the **Company** is aimed at defining a system of preventive monitoring, directed primarily at planning the training and implementation of the **Company's** decisions in relation to the risks/infringements to be prevented, and in particular consists of:

- the Code of Ethics, which identifies the primary values with which the **Company** intends to comply and thus sets the general guidelines for the business;
- an up-to-date, formalised and clear organisational system which guarantees an organic allocation of tasks and an adequate level of segregation of duties;
- formalised protocols/procedures aimed at regulating the carrying out of activities, in particular with regard to processes at risk, providing for appropriate monitoring points, as well as the separation of duties between those who carry out crucial phases or activities within these processes;
- a clear allocation of powers of authorisation and signature, consistent with organisational and management responsibilities;
- monitoring systems, primarily relating to the potential committing of predicate offences, able to provide prompt warning of the existence and emergence of general and/or specific critical situations.

## **6 RECIPIENTS**

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The recipients of this **Organisational Model** are:

- President, CEO and other members of the Board of Directors;
- employees or other persons - irrespective of their relationship with the **Company** - subject to the direction or supervision of one of the above-mentioned persons.

Compliance with the provisions of the **Legislative Decree**, as well as compliance with the conduct principles set out in the **Code of Ethics**, is also required of third parties working for Scrigno by means of special contractual clauses - where possible.

## **7 ADOPTION OF THE ORGANISATIONAL MODEL BY THE COMPANY**

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Scrigno - within the framework of the already existing preventive monitoring system - has put in place the necessary activities to adapt this monitoring system to the provisions of the **Legislative Decree**.

By adopting the **Organisational Model**, the **Company** has set itself the objective of adopting a set of Principles of Conduct and operating procedures aimed at planning the training and

implementation of decisions in relation to the infringements to be prevented, in compliance with the system of allocation of duties and delegation of powers, as well as internal procedures.

The Special Section and the Protocols/Procedures, intended as rules to be complied with by the Recipients, are added to **Scrigno's** entire organisational set-up (organisation charts and power allocation system) and are integrated and compatible with it.

The **Organisational Model** was adopted by resolution of **Scrigno's** Board of Directors on 13 May 2019.

Amendments or supplements to the **Organisational Model** must be approved by the Board of Directors.

For non-substantial amendments, the Board of Directors shall appoint a delegated person who may make use of the opinion of the **Supervisory Board**. These amendments shall be communicated to the Board of Directors and ratified or, if necessary, supplemented or amended by the Board of Directors at the first useful meeting. Pending ratification does not invalidate amendments adopted in the meantime.

#### 7.1 IDENTIFICATION OF RISK PROCESSES

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Article 6, paragraph 2, letter a) of the Legislative Decree expressly provides that the Organisational Model must "*identify the activities in the context of which infringements may be committed*". Therefore, the Company has analysed the business's activities, the decision-making and implementation processes within the individual company areas and the internal monitoring systems.

In particular, in the context of the above activities, the Company, with the support of external consultants, has taken steps to:

- a) identify the corporate activities in the context of which the Infringements and Administrative Offences could theoretically be committed;
- b) analyse the potential risks of wrongdoing as well as possible ways of committing them;
- c) identify the persons and corporate functions concerned;
- d) define and, if necessary, adapt the system of internal monitoring.

#### 7.2 DETECTION AND IDENTIFICATION OF ACTIVITIES AT RISK

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At the end of the checks referred to in paragraph 7.1 above, the **Company** identified the corporate activities or the phases of the same in the context of which infringements and/or administrative offences may theoretically be committed (hereinafter "**Risk Processes**").

In order to identify the Risk Processes, the **Company** - with the support of external consultants - has carried out the following activities:

- a) examination of official company documentation;
- b) detailed mapping of company operations, based on the Company's organisational units and carried out by means of interviews and survey questionnaires;

- c) detailed analysis of each individual activity, aimed at verifying the precise contents, the solid operating methods, the division of competences, as well as the existence or non-existence of each of the infringement hypotheses indicated by the Legislative Decree.

In the current version of the **Organisational Model**, the areas of activity referring to the following categories of predicate offences are identified as **Risk Processes** in relation to the **Legislative Decree**, and consequently regulated for the purpose of preventing the committing of **Infringements**:

- **infringements committed in relationships with the Public Administration** (Articles 24 and 25);
- **computer crimes and unlawful processing of data** (article. 24-bis);
- **organised crime offences** (article. 24-ter);
- **forgery of coins, legal tender, revenue stamps and crimes relating to distinctive signs** (article 25-bis);
- **offences against trade and industry** (article 25-bis.1)
- **corporate offences** (article 25-ter);
- **culpable homicide and grievous or very grievous bodily harm** (article 25-septies);
- **handling stolen goods, money laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering** (article 25-octies);
- **copyright infringement offences** (article 25-novies);
- **inducement not to make statements or false statements to the judicial authorities** (article 25-decies);
- **environmental infringements** (article 25-undecies);
- **employment of illegally residing third-country nationals** (article 25-duodecies);
- **transnational crimes** (Law 146/2006).

The Company, in relation to the corporate activity carried out, has deemed the safeguards set out in the Code of Ethics sufficient for the infringements listed below:

- **offences related to terrorism or subversion of the democratic order (article 25-quater);**
- **female genital mutilation practices (article 25-quater 1);**
- **crimes against individuals (article 25-quinquies);**
- **market abuse (art. 25-sexies);**
- **racism and xenophobia (article 25-terdecies).**

The **Company** undertakes to carry out continuous monitoring of its activities, both in relation to the infringements listed above and in relation to possible amendments and supplements to the **Legislative Decree**.

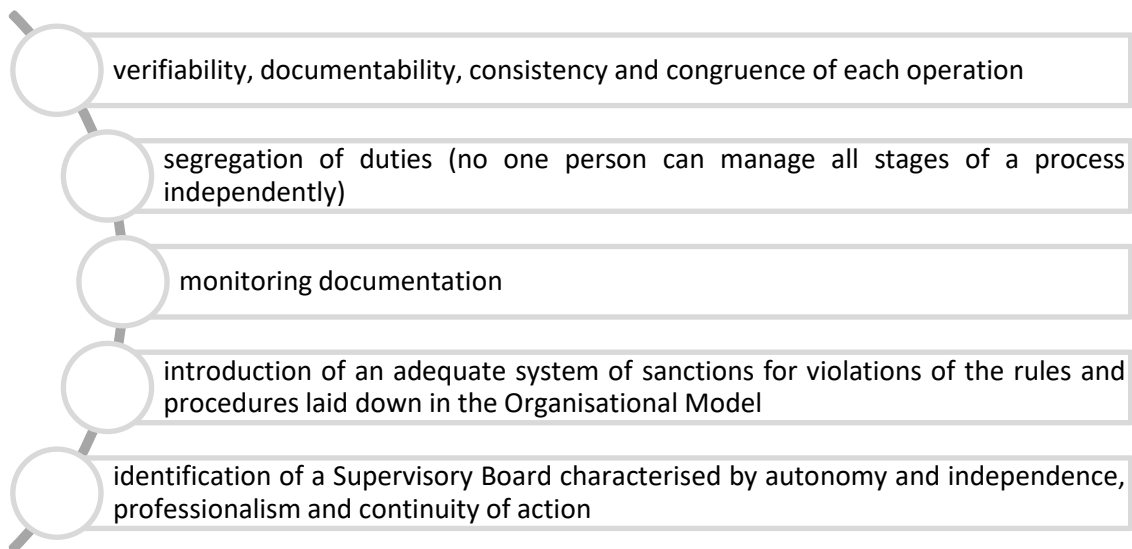
### 7.3 DESIGN OF ORGANISATIONAL AND PROCEDURAL SAFEGUARDS

Pursuant to the provisions of Article 6(2) of the Decree, the **Organisational Model** must, among other things, “provide for specific protocols aimed at planning the formation and implementation of the entity's decisions in relation to the offences to be prevented”.

The aforementioned provision emphasises the need to establish - or improve where they exist - appropriate mechanisms for proceduralist management and decisions, in order to make the various stages of each business process documented and verifiable.

It is therefore clear that the set of organisational structures, activities and operating rules applicable - on the instructions of the *management* - within the company must be preordained to this specific objective, with the intention of guaranteeing, with reasonable certainty, the achievement of the purposes falling within an adequate and efficient risk monitoring system, including that of incurring the sanctions provided for by the **Legislative Decree**.

The existing organisational set-up is inspired by the following principles:



## 8 DISSEMINATION, COMMUNICATION AND TRAINING

Adequate training and ongoing/periodic information for the staff on the principles and prescriptions contained in the **Organisational Model** are factors of great importance for the correct and effective implementation of the company's prevention system.

**Recipients** are required to be fully aware of the objectives of fairness and transparency that are intended to be pursued by the **Organisational Model** and of the methods by which the **Company** intends to pursue them, by setting up an adequate system of procedures and monitoring.

### 8.1 INITIAL COMMUNICATION

The adoption of this **Organisational Model** is communicated to the **Recipients** by means of the delivery of a copy of the same (in paper and/or electronic format), which must be accompanied by a signed acknowledgement of receipt, and by posting the document in a place that is

accessible to all **Recipients**. In addition, the Company shall ensure the publication of the Model on the company *intranet*.

New employees will be informed of the adoption of the **Organisational Model** by being given a copy of it along with the **Code of Ethics** (in paper and/or electronic format).

## 8.2 COMMUNICATION OF ANY CHANGES TO THE ORGANISATIONAL MODEL

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Any amendment to the Organisational Model must be communicated to the **Recipients**, with an illustration of the amendments themselves, via means - including computerised ones - designed to prove that the communication has been effectively and knowingly received.

## 8.3 TRAINING

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The training activity aimed at disseminating knowledge of the regulations set out in the **Legislative Decree** is differentiated, in terms of content and delivery methods, according to the Recipients' qualification, the risk level of the area in which they operate and whether or not they have a representative role for the **Company**

In particular, the level of training and information of the **Company's** staff shall be more in-depth with regard to those working in the areas of activity at risk.

In addition to specific courses, training also includes the use of dissemination tools, such as occasional e-mail updates or internal informative notes.

In any case, following the formal adoption of the **Organisational Model** by the Board of Directors, a general introductory course will be held, aimed at illustrating the reference regulatory framework, the reference principles of the Organisational Model, the disclosure obligations and the rules of conduct to be followed in the areas at risk.

The training programme may be carried out in such a way as to enable, among other things, all **Recipients** to be kept up to date on new developments and supplements to the legislation and to the **Organisational Model**.

For new recruits working in areas of activity at risk, specific training sessions will be provided, in agreement with the relevant line manager.

Compulsory participation in the training sessions will be formalised by requesting a signature of attendance, and if necessary, also electronically.

Within the scope of its powers, the **SB** may provide for specific checks aimed at verifying the quality of the content of training programmes and the actual effectiveness of the training provided.

Failure to participate without a justified reason may be assessed by the **Company** as a violation of the **Organisational Model**.

## 8.4 INFORMATION TO THIRD PARTIES

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Scigno also promotes knowledge of and compliance with the Organisational Model among External Collaborators and other third parties identified by the Supervisory Board. The latter shall therefore be provided with specific information on the principles, policies and procedures adopted by the Company on the basis of this Model, as well as the texts of the contractual clauses which, consistent with the principles, policies and Protocols contained in the Organisational Model and in the Code of Ethics, will be adopted by the Company.



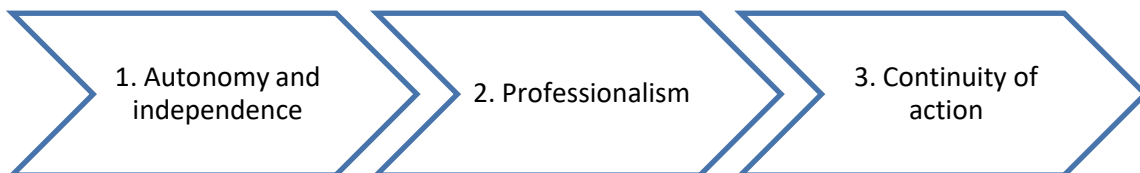
## 9 SUPERVISORY AND MONITORING BOARD

### 9.1 ROLE OF THE SUPERVISORY BOARD

The Scigno **Board of Directors**, in implementation of the provisions of the Legislative Decree, has established **the Supervisory and Control Board (SB)**, which is responsible for **monitoring the operation of and compliance with the Organisational Model**, as well as for **updating it**. The Company's **Supervisory Board** is therefore responsible for the supervisory and monitoring activities provided for in the **Organisational Model**.

The appointment of the SB, as well as any revocation (for just cause), is the responsibility of the Board of Directors. The SB reports directly to the **Board of Directors**.

According to the provisions of the Decree (Articles 6 and 7) and the indications contained in the Report accompanying the Legislative Decree, the characteristics of the SB must be:



#### 1. Autonomy and independence

The requirements of autonomy and independence ensure the effective fulfilment of the tasks and functions assigned to the SB. To this end, it is necessary that the SB is not directly involved in the management activities that are the subject of its monitoring activities, nor is it hierarchically subordinate to those who carry out these activities.

These requirements can be achieved by guaranteeing the highest degree of hierarchical independence for the SB, by providing for *reporting* to the Top Management, or the President, CEO and the other members of the Board of Directors.

#### 2. Professionalism

The SB must have technical and professional skills appropriate to the duties it is called upon to perform. These characteristics, together with independence, guarantee objective judgement.

#### 3. Continuity of action The SB must:

- 1 work constantly on the supervision of the Organisational Model with the necessary powers of investigation, also with the support of external Consultants;
- 2 ensure that the Organisational Model is implemented and constantly updated;
- 3 not carry out operational tasks that may affect the overall view of the company's activities that is required of them.

### 9.2 COMPOSITION AND APPOINTMENT OF THE SUPERVISORY BOARD

The **Company**, in line with the indications provided by Confindustria, has opted for a multi-member board. At the time of appointment, the Board of Directors obtains evidence of the requirements of independence, professionalism and honesty pursuant to Article 109 of

Legislative Decree 1 September 1993, no. 385 (*“Requirements of professionalism and honesty from company representatives”*).

The SB remains in office for the period defined by the Board of Directors in the act of appointment. Its replacement before expiry of the term of office is only permitted in cases of just cause or justified reason, such as, by way of example:

- voluntary renunciation by the SB;
- incapacity due to natural causes;
- failure to meet the requirements of good repute;
- failure to inform the Board of Directors of the occurrence of a cause for relinquishment referred to in paragraph 9.3 below;
- the occurrence of one of the causes of suspension or revocation referred to in paragraph 8.3 below.

The Board of Directors of the **Company** shall establish the annual remuneration payable to the **Supervisory Board** for the entire term of office.

In the event of relinquishment, suspension or revocation of a member of the **Supervisory Board**, the Board of Directors shall reinstate its membership.

For all other operational aspects, the **SB** will regulate itself by means of specific Regulations, accompanied by rules to ensure its best operation. The adoption of these regulations shall be brought to the attention of the Board of Directors at the first meeting.

### **9.3 CAUSES OF (IN)ELIGIBILITY, REVOCATION, RELINQUISHMENT AND SUSPENSION OF THE SUPERVISORY BOARD**

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As regards the requirements of honour, persons who find themselves in the conditions laid down in Article 2382 of the Italian Civil Code may not take on the role of members of the **Supervisory Board**. *“Causes of ineligibility and relinquishment”*.

In order to allow the Board of Directors to assess whether or not there are grounds for incompatibility with the duties or a conflict of interest, the **SB** must notify the Board of Directors when it examines the proposal for appointment:

- conflicts of interest, even potential ones, with the Company;
- direct or indirect ownership of significant shareholdings in the Company pursuant to Article 2359 of the Italian Civil Code;
- administrative duties with delegated or executive powers in the Company;
- pending, in Italy or abroad, criminal proceedings or convictions, even if not final, or application of the penalty at the request of the parties (*“plea bargaining”*), without prejudice to the effects of rehabilitation or extinction of the infringement.

**SB** will be responsible for promptly communicating any changes that may occur during its term of office.

It is up to the Board of Directors, upon receipt of such notification, to assess the requirements of honour and compatibility.

## Revocation

The Board of Directors of the **Company** may dismiss the **SB** in the event of significant breaches of the mandate conferred, with regard to the tasks indicated in the **Organisational Model**; in the event of violation of the obligations set out in the **SB** Regulation, and when the Board of Directors becomes aware of the aforementioned causes of ineligibility, which predate the appointment of the **SB** and are not indicated in the self-certification; when the causes of relinquishment specified below occur.

## Relinquishment

The **Supervisory Board** shall cease to hold office if, after its appointment, it is:

- in one of the situations referred to in Article 2382 of the Italian Civil Code. “*Causes of ineligibility and relinquishment*”;
- in the event of loss of the requirements of good repute.

## Suspension

The following constitute grounds for suspension from the **Supervisory Board**:

- the application of a personal precautionary measure;
- the provisional application of one of the preventive measures provided for in Article 10(3) of Law No 575 of 31 May 1965 “*Provisions against the Mafia*”, as replaced by Article 3 of Law No 55 of 19 March 1990, as amended.

## 9.4 ACTS OF VERIFICATION OF THE EFFECTIVENESS AND CONSTANT ADAPTATION OF THE ORGANISATIONAL MODEL AND PLAN OF ACTION

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The **SB**, in coordination with the heads of the organisational units concerned in each case, must periodically check the effectiveness and suitability of the **Organisational Model** to prevent the committing of the infringements referred to in the **Legislative Decree**. In particular, there are:

- 1 **checks on individual acts.** To this end, it will periodically verify the acts and contracts relating to the processes at risk, in accordance with the procedures it has identified;
- 2 **verification of the Special Section and Protocols.** To this end, it will periodically verify the effectiveness and implementation of the Special Section and Protocols of this Organisational Model;
- 3 **checks on the level of knowledge** of the Organisational Model, by also analysing requests for clarification or notification of reports received;
- 4 **periodic updating** of the Risk Assessment activity aimed at reviewing the map of activities potentially at risk, in particular in the presence of changes in the organisation or business, as well as in the event of additions or supplements to the Legislative Decree.

The **SB** presents its **Action Plan** annually to the Board of Directors, for the purpose of a planned exercise of the assigned supervisory powers, informing it of the activities it plans to carry out and the areas that will be subject to checks. The **Supervisory Board** may in any event carry out checks not provided for in the Action Plan (so-called “surprise checks”), within the framework of sensitive corporate activities and where it deems it necessary for the performance of its duties.

In implementing the Action Plan, the **SB** adopts useful procedures for carrying out its supervisory and control activities, which will be communicated to the departments concerned, and may set up working groups on particular issues. In the event of special circumstances (e.g. emergence of previous violations or high turnover), the **SB** will take care to apply systematic procedures to research and identify the risks under analysis.

In particular, it may request to consult the documentation relating to the activities carried out by the individual Organisational Units and by the persons in charge of the processes at risk subject to monitoring and/or verification, extracting copies if necessary, as well as conducting interviews and requesting, if necessary, written reports. In the course of such operations, the Head of the organisational unit concerned must be kept constantly informed.

Following the checks carried out, the **SB** may report any observations and/or suggestions to the Manager.

The activities carried out by the **SB** must be documented, even in summary form. The relevant documentation must be kept by the **SB** in such a way as to ensure its confidentiality, also in compliance with the legislation on the protection of personal data.

The **SB**, following the checks it has carried out, the regulatory changes that have taken place in each case and the possible emergence of new processes at risk, proposes the adjustments and updates to the **Organisational Model** that it considers appropriate to the Board of Directors.

For the verification activity, the **SB** may rely on the support of external Consultants with appropriate expertise in the field.

For the specific purposes of carrying out the assigned duties, the Board of Directors, also taking into account the activities of the **SB**, allocates a *budget* for carrying out the activity, in order to ensure adequate economic and managerial autonomy, except in the case of documented emergencies for which the **SB** can meet the expense, informing the President and giving notification at the first useful Board of Directors meeting.

#### 9.5 INFORMATION FLOWS AND REPORTS TO THE **SB** OF VIOLATIONS

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**Recipients** of this **Organisational Model** shall promptly report the following information to the SB:

- 1 the committing or attempted committing of unlawful conduct as covered by the **Legislative Decree**;
- 2 any violations of the behavioural and operational procedures laid down in the **Organisational Model** of which they have become directly or indirectly aware;
- 3 in any case, any act, fact, event or omission noted or observed in the exercise of the responsibilities and duties assigned, with a profile of criticality with respect to the rules of the **Legislative Decree**;
- 4 observations on the adequacy of the system, highlighting emerging needs.

The reports referred to above, based on precise and concordant factual elements, may be forwarded electronically to the SB at the **e-mail address** - [odv@scrigno.it](mailto:odv@scrigno.it), or in paper form to the following **physical mailing address** - Via Casale, 975 47822 S. Ermete di Santarcangelo di Romagna (RN).

The SB, and anyone who receives reports, shall act with the utmost confidentiality, in order to protect the reporting parties against any retaliatory, discriminatory and/or penalising behaviour, connected - directly or indirectly - to the report itself, which are expressly prohibited and subject to the sanctions provided for in the **Disciplinary System**, ensuring the secrecy of the identity of the reporting party (except in the event of any legal obligations).

On the basis of the information/knowledge available to it, the SB may exercise the monitoring and verification powers provided for in the Organisational Model - also involving the relevant corporate departments - in order to carry out an assessment; following these activities, the SB shall take the appropriate decisions, and in particular it may:

- 1 not proceed with further investigations and checks, possibly informing the reporting person, and archiving the documentation;
- 2 issue recommendations for corrective action;
- 3 propose disciplinary and/or contractual measures for the individuals involved in the reported infringements (both internal and external);
- 4 promptly inform the Board of Directors and the Board of Statutory Auditors for the adoption of the appropriate actions.

To this end, every report/communication sent to the SB is kept by the SB in a dedicated computer and/or paper file kept in accordance with the provisions of European Regulation 2016/679 on the protection of personal data (GDPR). It should be noted that only members of the SB will have access to these communications, and they undertake to use them solely for the inspection and verification purposes of the function they hold.

In addition to the reporting obligations referred to above, the **Top Management** is required to inform the Board:

- a. of any change affecting both the system of delegated powers and Scrigno's organisational structure;
- b. of the Company's extraordinary corporate transactions;
- c. of each new business activity;
- d. of any information relevant to compliance with, operation and updating of the Organisational Model.

The methods and timing of *ad hoc* information flows to the SB for specific areas of activity at potential risk of offence may be regulated in more detail by the Body itself.

Any omission or delay in communicating the above information flows to the **SB** shall be considered a violation of the **Organisational Model** and may be sanctioned in accordance with the provisions of the Disciplinary System referred to in paragraph 11 below.

## 9.6 VIOLATIONS DETECTED BY THE SB

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The SB assesses all reports of violations received or failures to comply with the Organisational Model detected in the exercise of its activity.

Recipients are required to cooperate with the SB, in order to enable the collection of further information deemed necessary by the SB for a correct and complete assessment of the report. Any consequent measures shall be applied in accordance with the provisions of the Disciplinary System referred to in paragraph 11 below.

The SB shall promptly report to the hierarchical manager of the person who committed the violation and to the Board of Directors any non-compliance with the Organisational Model detected in the exercise of its activity or reported by other corporate Organisational Units (after checking their grounds), in order to apply, against the person responsible for the violation, the procedure pursuant to the Disciplinary System referred to in paragraph 11 below.

If the violation is particularly serious or concerns the Company's Top Management, the SB shall inform the Board of Directors and, where appropriate, the Company's shareholders.

#### **9.7 INFORMATION FROM THE SUPERVISORY BOARD TO THE CORPORATE BODIES**

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The **SB** reports directly to the Board of Directors on issues relating to the **Organisational Model**.

The **SB shall inform** the **Board of Directors**, also in writing, on the application and effectiveness of the Organisational Model at least once every six months (indicating in particular the checks carried out and their outcome, as well as any updating of processes at risk), or at different times with reference to specific or significant situations.

The **SB may be convened by the Board of Directors** to report on its activities and may ask to confer with it. The **SB** may also ask to be heard by the Board of Directors whenever it deems it appropriate to report promptly on violations of the **Organisational Model** or to draw attention to critical issues relating to the operation of and compliance with the **Organisational Model**. In case of necessity and/or urgency, the **SB** may confer directly with the President or the CEO of the Board of Directors.

The **SB** is competent to provide appropriate clarifications in the event of problems of interpretation or questions relating to the **Organisational Model**.

#### **10 METHODS OF MANAGING FINANCIAL RESOURCES**

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Article 6(2)(c) of the **Legislative Decree** requires the identification of methods of managing financial resources suitable for preventing the committing of offences.

Therefore, the **Company** has deemed it appropriate, in addition to the **Organisational Model**, to issue a Protocol relating to "*management of financial and monetary flows*" as well as a Protocol relating to "*Keeping accounts, preparation of financial statements and other related activities*" which regulate for each individual type of transaction the individuals involved and their related powers, the tools adopted and the links with the administrative/accounting system.

## SECTION III

### 11 DISCIPLINARY SYSTEM

#### 11.1 GENERAL PRINCIPLES

This disciplinary system is adopted pursuant to Article 6(2)(e) and Article 7(4)(b) of the **Legislative Decree**.

The system is aimed at sanctioning non-compliance with the Principles of Conduct provided for in the Special Section and in the Protocols of the **Organisational Model** and, pursuant to Article 2106 of the Italian Civil Code. “Disciplinary sanctions”, supplements, for all matters not provided for and limited to the cases covered, the Collective National Labour Agreements for the category applied to employees (Metalworkers).

The imposition of disciplinary sanctions for violation of the Principles of Conduct indicated in the Special Section and in the Protocols of the **Organisational Model** is irrespective of the possible institution of criminal proceedings and of the outcome of the consequent judgement for the committing of one of the infringements provided for by the **Legislative Decree**.

#### 11.2 GENERAL CRITERIA FOR THE IMPOSITION OF SANCTIONS

Any failure to comply with and/or violation of the **Organisational Model** shall be reported by the **SB**, not only to the hierarchical superior of the individual concerned, the CEO responsible for imposing the sanctions laid down by law.

In individual cases, the type and extent of the specific sanctions will be applied in proportion to the seriousness of the misconduct and, in any case, in consideration of the elements listed below:

- 1 • subjective element of the conduct, depending on whether it is intentional or negligent
- 2 • relevance of the breached obligations
- 3 • level of hierarchical and/or technical responsibility
- 4 • presence of aggravating or mitigating circumstances, with particular regard to professionalism, previous work experience, the circumstances in which the infringement was committed and any repeat offences
- 5 • any sharing of responsibility with other individuals who contributed to the failure to act
- 6 • conduct that may compromise, even potentially, the effectiveness of the **Organisational Model**

If several infringements, punishable by different penalties, have been committed in a single act, the most serious penalty shall be applied.

Any imposition of a disciplinary sanction, regardless of whether proceedings are instituted and/or the outcome of any criminal trial, shall be, as far as possible, inspired by the principles of promptness.

### 11.3 MANAGERS - EMPLOYEES

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Pursuant to the combined provisions of Articles 5(b) and 7 of the **Legislative Decree**, without prejudice to the prior notification and procedure prescribed by Article 7 of Law No. 300 of 20 May 1970 (the so-called Statute of Workers), the sanctions provided for in this paragraph may be applied, taking into account the general criteria referred to above, to managers and employees.

#### 11.3.1 VIOLATIONS

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Penalties may be applied in the case of substantial violations:

- a) failure to comply with the Principles of Conduct, the provisions of the Special Section and the Protocols adopted;
- b) in the absence or untruthful indication of the activity carried out with regard to the methods of documentation, storage and control of the acts, so as to prevent the transparency and verifiability thereof;
- c) in the violation and/or avoidance of the monitoring system, carried out by removing, destroying or altering the documentation provided for in the Special Section, or in the performance of activities aimed at preventing the persons in charge and the **SB** from monitoring or accessing the requested information and documentation;
- d) failure to comply with the provisions on signature powers and the system of delegation;
- e) failure of hierarchical superiors to supervise their subordinates as to the correct and effective application of the Principles of Conduct as set out in the Special Section and in the Protocols adopted;
- f) failure to comply with the obligation to inform/report to the SB any violations of the Organisational Model committed by other employees or other Recipients;
- g) in conduct constituting a breach of the measures for the protection of whistle-blowers referred to in paragraph 9.5 of the Model - General Section;
- h) in conduct constituting the making, with malice or gross negligence, of serious reports as referred to in paragraph 9.5 of the Model - General Section which proved to be unfounded.

The list of cases is by way of example and not exhaustive.

#### 11.3.2 SANCTIONS

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The committing of the disciplinary infringements referred to in the preceding paragraph shall be punished with the following disciplinary measures, depending on the seriousness of the breaches:

- a. verbal warning for minor infringements (which does not require prior notification);
- b. written warning;
- c. fine, not exceeding the amount of 3 (three) hours of the normal hourly wage calculated on the minimum wage scale;
- d. suspension from work and pay for a period not exceeding 3 (three) days;
- e. dismissal for misconduct.



Where the above-mentioned employees have a power of attorney with the power to represent the Company externally, the imposition of the sanction may entail the revocation of the power of attorney.

**a) Verbal warning**

The sanction of a verbal warning may be imposed in cases of minor negligent breach of the Principles of Conduct laid down in the Organisational Model or procedural errors due to negligence. It does not require prior objection.

**b) Written warning**

The measure of written warning shall be applied in the event of recurrence, by the worker, of infringements that have already given rise to a verbal reprimand as referred to in letter a) and in the case of disciplinary infringements which are more minor or which, while not resulting in actual damage to the Company, are potentially harmful.

**c) Fine**

In addition to cases of recidivism in the committing of offences which may lead to the application of a written reprimand, a fine (equivalent to a maximum of three hours' pay) may be applied in cases where, due to the level of hierarchical or technical responsibility, or in the presence of aggravating circumstances, the culpable and/or negligent conduct may compromise, even potentially, the effectiveness of the Organisational Model.

**d) Suspension of pay and service**

The sanction of suspension from pay and service (maximum three days, graduated according to the seriousness of the infringements committed) may be imposed in cases of serious violations of the Principles of Conduct and of the Protocols, such as to expose the Company to liability towards third parties, as well as in cases of recidivism in the committing of offences which may lead to the application of a fine.

**e) Dismissal for misconduct**

The sanction of dismissal for misconduct with immediate termination of employment with loss of notice allowance may be imposed for misconduct so serious as to break the relationship of trust with the Company and not to allow, therefore, the continuation, even temporary, of the employment relationship, such as, by way of example but not limited to, the following:

- i. violation of the Principles of Conduct and of the Protocols having external relevance and/or fraudulent avoidance thereof, carried out with a conduct aimed at committing a relevant offence under the Legislative Decree;
- ii. violation and/or circumvention of the control system, carried out by removing, destroying or altering documentation or by preventing the individuals in charge and the SB from monitoring or accessing the requested information and documentation.

If the employee has committed one of the offences punishable by dismissal, the Company may order the precautionary suspension of the employee with immediate effect.

If the Company decides to proceed with dismissal, it shall take effect from the day on which the precautionary suspension began.

## **11.4 MANAGERS**

Pursuant to the combined provisions of Articles 5(a) and 7 of the Legislative Decree and the laws and contractual provisions in force, the sanctions indicated in this point may be applied to

managers, observing the general criteria for imposing them, including formal ones (written challenge and request for justification).

#### **11.4.1 VIOLATIONS**

Penalties may be applied in the case of substantial violations:

- a) failure to comply with the Principles of Conduct and Protocols in the Organisational Model;
- b) lack of or untrue evidence of the activities carried out with regard to the methods of documenting, storing and checking the documents relating to the Protocols in such a way as to prevent the transparency and verifiability thereof;
- c) violation and/or avoidance of the monitoring system by removing, destroying or altering the documentation provided for in the Protocols, or preventing the persons in charge and the SB from monitoring or accessing the requested information and documentation;
- d) failure to comply with the provisions relating to signatory powers and the system of delegation, except in cases of extreme necessity and urgency, of which the hierarchical superior must be promptly informed;
- e) the failure of hierarchical superiors to supervise, check and monitor their subordinates with regard to the correct and effective application of the Principles of Conduct and Protocols indicated in the Organisational Model;
- f) failure to comply with the obligation to inform/report to the SB any violations of the Organisational Model committed by other employees or other Recipients;
- g) if competent, in the failure to train and/or update and/or communicate to the operating personnel within the scope of the processes governed by the Protocols;
- h) in violations of the measures adopted by the Company to protect the whistle-blower pursuant to Law 179/2017;
- i) in conduct constituting the making, with intent or gross negligence, of tendentious or otherwise unfounded reports.

The list of cases is by way of example and not exhaustive.

#### **11.4.2 SANCTIONS**

The committing of disciplinary infringements, as referred to in the previous paragraph, by managers shall be sanctioned with the following disciplinary measures, depending on the seriousness of the breaches, taking into account the special fiduciary nature of the employment relationship:

- a) written reprimand;
- b) dismissal without notice.

Where executives hold a power of attorney with the power to represent the Company externally, the imposition of a written reprimand may also entail the revocation of the power of attorney.

##### **a) Written reprimand**

The sanction of written reprimand may be imposed in cases of culpable violation of the Principles of Conduct and Protocols indicated in the Organisational Model.

##### **b) Dismissal without notice**

The sanction of dismissal without notice may be imposed in cases where the relationship of trust has been damaged to such an extent that it is not possible to continue the employment relationship, even temporarily, such as, by way of example but not limited to, the following:

- i. violation of the Principles of Conduct and of the Protocols having external relevance and/or fraudulent avoidance thereof, carried out with a conduct aimed at committing a relevant offence under the Legislative Decree;
- ii. violation and/or avoidance of the monitoring system by removing, destroying or altering the documentation provided for in the Protocols, or preventing the persons in charge and the SB from monitoring or accessing the requested information and documentation;

If the manager has committed one of the offences punishable by dismissal, the Company may order their precautionary suspension with immediate effect.

If the Company decides to proceed with dismissal, this shall take effect from the day on which the precautionary suspension began.

## **11.5 TOP MANAGEMENT**

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The sanctions indicated in this point may be applied against the top management of the company, namely: the President, CEO, and the other members of the Board of Directors.

### **11.5.1 VIOLATIONS**

The provisions of this paragraph may be applied in the event of violations by the above-mentioned individuals consisting of:

- a) failure to comply with the Principles of Conduct, the provisions of the Special Section and the Protocols adopted;
- b) violation and/or avoidance of the monitoring system by removing, destroying or altering the documentation, or preventing the persons in charge and the **SB** from monitoring or accessing the requested information and documentation;
- c) violation of the provisions relating to signatory powers and, in general, the system of delegation, except cases of necessity and urgency, of which the President shall be promptly informed;
- d) violation of the obligation to inform the **SB** and/or any superordinate individual about conduct aimed at committing an offence included among those provided for in the **Legislative Decree**;
- e) in conduct constituting a breach of the measures for the protection of whistle-blowers referred to in paragraph 9.5 of the Model - General Section;
- f) in conduct constituting the making, with malice or gross negligence, of serious reports as referred to in paragraph 9.5 of the Model - General Section which proved to be unfounded.

The list of cases is by way of example and not exhaustive.

## **11.6 PROTECTIVE MEASURES**

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Depending on the seriousness of the breach and on the decision of the Board of Directors, protective measures may be applied, such as, for example, the revocation of the individual's delegation and/or assignment.

In the most serious cases, the Board of Directors may propose to the Assembly that the office be revoked.

Regardless of the application of the protective measure, the Company shall be entitled to bring liability and/or compensation actions.

### 11.7 COEXISTENCE OF SEVERAL RELATIONSHIPS UNDER THE SAME INDIVIDUAL

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In the event of violations committed by an individual referred to in this paragraph who is also an employee, the sanctions laid down by the Board of Directors shall be applied, without prejudice in any case to the applicability of the various disciplinary actions that may be exercised on the basis of the employment relationship with the Company and in compliance with the legal procedures, as applicable.

### 11.8 CONSULTANTS, SUPPLIERS AND OTHER THIRD PARTIES

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Non-compliance by Consultants, Suppliers or other individuals having a negotiating relationship with the Company (hereinafter also referred to as: “**Third Parties**”), of the contractual clauses aimed at avoiding conduct or behaviour that may lead to the application of sanctions under the **Legislative Decree**, shall be sanctioned in accordance with the provisions of the specific contractual clauses that will be included in the relevant contracts and may lead - where permitted by the applicable legislation - to the immediate termination of the relationship itself, without prejudice in any case to compensation for any damage suffered by the **Company** or that the **Company** may be called upon to pay, and without prejudice to Scrigno's exercise of all further prerogatives under the law.

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#### 11.8.1 VIOLATIONS

In particular, the legal termination of the contractual relationship *pursuant to* Article 1456 of the Italian Civil Code may be declared by Scrigno in the event that the **Third Parties** have:

- a) violated the principles contained also in the Company's **Code of Ethics** relating to the object of the assignment or have carried out a conduct aimed at committing an offence relevant to the **Legislative Decree**;
- b) violated and/or avoided the **Company's** monitoring system, also by removing, destroying or altering the documentation, related to the task or have prevented the persons responsible and the **SB** from monitoring or accessing the requested information and documentation;
- c) failed to provide the **Company** and/or its supervisory bodies with the documentation certifying the activity carried out, or provided incomplete or untrue documentation, thus preventing the transparency and verifiability thereof;
- d) violated, including through omissive behaviour, rules, regulations and/or other company provisions on the protection of health and safety at work, in relation to environmental issues.

## 12 PROTOCOLS

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- **“PT1 - Management of purchases of goods, services and consultancy”;**
- **“PT2 - Management of commercial activities”;**
- **“PT3 - Selection and management of agents”;**
- **“PT4 - Management of trademarks and other distinctive signs”;**
- **“PT5 - Accounting management, preparation of Statutory and Consolidated Financial Statements”;**
- **“PT6 - Management of financial and monetary flows”;**
- **“PT7 - Management of relationships with the Public Administration”;**
- **“PT8 - Selection and management of staff”;**
- **“PT9 - Management of gifts, sponsorships, donations and events”;**
- **“PT10 - Management and use of the IT System”;**
- **“PT11 - Health and Safety”**
- **“PT 12 Environmental Protection Management”;**