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MODEL PURSUANT TO D.LGS. N. 231/2001**

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08/09/21

**ORGANISATION, MANAGEMENT
AND CONTROL MODEL
BRITA ITALIA MANUFACTURING
S.R.L.**

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DEFINITIONS

1. **Susceptible activities**: company activities in the context of which there may be a risk of one of the offences specified in Legislative Decree 231/01 being committed;
2. **Board**: The Board of Directors;
3. **BRITA ITALIA MANUFACTURING S.R.L.**: the Company;
4. **Parent Company**: (or holding) – the company which has a controlling interest in the management and operations of other companies, subsidiaries or associated companies;
5. **Code of Ethics**: an official document which provides details of the set of ethical and social principles established by the entity that must be observed by those working within the organisational structure of the entity;
6. The **Decree**: Italian Legislative Decree n. 231 of 8 June 2001, as amended, also referred to as “d.lgs 231/01”;
7. **Addressees**: senior managers, subordinates and all the individuals who are linked to BRITA ITALIA MANUFACTURING S.R.L. by means of a working relationship, to whom the provisions of this Organisation, Management and Control Model are addressed;
8. **Risk Management**: the process of investigation and evaluation which the organisation activates internally in the most appropriate way with reference to its specific operating framework (organisational structure, size, etc.) and external context (economic sector, geographical area, etc.);
9. **Groups of Companies**: which are subject to specific legislative indications, such as control and affiliation (Article 2359 of the Italian Civil Code) and/or direction and coordination (Article 2497 of the Italian Civil Code);
10. **Guidelines**: the most recent version of the Guidelines issued by Confindustria (the General Confederation of Italian Industry) – June 2021;
11. **Model**: this Organisation, Management and Control Model (General Part and Special Part).
12. **Organisational Chart**: graphical representation of the organisational structure of the Entity with an indication of its operating units and functional areas and how they are linked. The following roles are indicated in the Organisational Chart:
 - a. **The Area Managers**: Senior Management roles, individuals who are responsible for organisational units in different areas of company activities:
 - CHAIR;
 - MANAGING DIRECTOR (MD);
 - HR MANAGER (HR);


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- IT MANAGER (IT);
 - FINANCE MANAGER (F);
 - HEAD OF SALES OEM (S);
 - TECHNICAL MANAGER & HSE (R&D & HSE);
 - QUALITY MANAGER (Q);
 - SUPPLY CHAIN & PURCHASING MANAGER (SC&P);
 - ENGINEERING & MANUFACTURING MANAGER (E&M);
 - LEAN MANAGER (LM).
- b. **Process Managers**: within each area, the person who is responsible for the individual decision-making processes, i.e., the person to whom the Area Manager chooses to entrust the management and related responsibilities regarding a process and who is therefore identified, on the basis of a specific activity within each Area, as:
- ACCOUNTING & REPORTING COORDINATOR (A&R);
 - INTERNATIONAL KEY ACCOUNT MANAGER (IKA);
 - MANUFACTURING SUPERVISOR (MS);
 - PRODUCTION LINE BRITA TEAM LEADER (PLB);
 - PRODUCTION LINE OEM HO.RE.CA TEAM LEADER (PLH);
 - PRODUCTION LINE OEM DOMESTIC TEAM LEADER (PLD);
 - GENERAL SERVICES SPECIALIST (GSS);
 - R&D ENGINEER (R&D);
 - TECHNICAL SERVICES TEAM LEADER (TSL);
 - QUALITY ENGINEER (QE);
 - WAREHOUSE COORDINATOR (WC).
- c. **Operating Unit**: headed by company resources in charge of supervising a set of activities which are considered homogeneous in terms of the content and skills necessary to perform them, these Heads of Departments or Process Managers are:
- MANAGING DIRECTOR ASSISTANT (MDA);
 - IT SPECIALIST (ITS);
 - INDUSTRIAL CONTROLLER (IC);
 - PAYROLL & ACCOUNTING SPECIALIST (P&AS);
 - ACCOUNTING SPECIALIST (AS);

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- ENGINEERING & MANUFACTURING ASSISTANT (E&MA);
- PRODUCTION LINE OPERATOR (PLO);
- BLM OPERATOR (BLM);
- BACK-OFFICE SALES SPECIALIST (BOS);
- SUPPLY CHAIN SPECIALIST (SCS);
- CUSTOMER SERVICE SPECIALIST (CSS);
- PLANNER (P);
- BUYER (B);
- PURCHASING SPECIALIST (PS);
- FRONT OFFICE SPECIALIST (FOS);
- WAREHOUSE OPERATOR (WO);
- QUALITY OPERATOR (QO);
- QUALITY CONTROLLER (QC);
- QUALITY SPECIALIST (QS);
- TECHNICAL SERVICES OPERATOR (TSO);
- HSE SPECIALIST (HSES).

13. **Supervisory Board:** a body envisaged under d.lgs. n.231/2001 which has the task of supervising implementation of the Model, compliance with it, as well as updating the Model;
14. **Prevention protocols:** protocols for the development and implementation of the decisions made by the Entity regarding susceptible activities, in order to prevent the predicate offences from being committed (**Schedule n. 1**);
15. **Predicate offences:** the specific offences identified in the Decree, from which administrative liability may derive for the Entity, and, insofar as they are comparable, the specific administrative offences which also envisage the application of the rules contained in the same Decree.
16. **Retaliation:** acts of retaliation or discrimination, direct or indirect, against a person who discloses an offence or other kind of wrongdoing committed in the workplace in a report, for reasons directly or indirectly linked to that report;
17. **Whistleblower:** senior managers or subordinates who have witnessed an offence or other kind of wrongdoing in the workplace and who decide to disclose this by filing a report;
18. **The person reported:** the person to whom the whistleblower attributes the offence/wrongdoing which is disclosed in the report;

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19. **Whistleblower report**: communication by the whistleblower, filed with the aim of protecting the integrity of the Entity, which contains details of:
- prohibited conduct relevant for the purposes of d.lgs n.231/01,
 - breaches of the Entity’s Organisational Model or of the Code of Ethics,
 - any other infringement of laws, regulations, policies, standards or company procedures, based on precise and concordant facts, of which the whistleblower has become aware by virtue of the duties carried out in the company;
20. **Anonymous report**: a report filed by a person whose identity is not specified or traceable;
21. **A Report in bad faith**: a report filed for the sole purpose of damaging or jeopardising a person to whom the Model or Code of Ethics applies;
22. **Filing a Report (Channels)**: reporting channel that ensures the identity of the person who files the report remains confidential, this may involve digital technologies;
23. **Filing a Report (Recipient)**: a person or body within the Entity which receives the reports and has the task of analysing and verifying them;
24. **Disciplinary system**: a system of sanctions, seen as preventive measures to safeguard against breaches of the Code of Ethics, the Model and the protocols contained therein;
25. **Senior manager**: those individuals who hold positions entailing representation, direction or management of the Company or of its organisational units that are financially and functionally independent, who carry out, even if in a *de facto* capacity, management and control of the company;
26. **Subordinate**: persons subject to the direction or supervision of one of the Senior Managers, whether they are employees in any capacity, or external agents or consultants, even only on an occasional basis, even in the absence of a subordinate working relationship;
27. **Whistleblowing**: the act of filing a report disclosing unlawful conduct relevant to this Decree carried out by senior managers, subordinates under the direction of others and other Addressees of the Organisational Model, who have become aware of the wrongdoing in the course of their work within the company or in other circumstances.



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GENERAL PART

SECTION I

THE LEGISLATIVE FRAMEWORK

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1. Introduction

Italian Legislative Decree n. 231/2001 (hereinafter also the “Decree” or “d.lgs 231/01”), establishing “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” introduces and regulates, in the Italian legal system, the liability of such entities for administrative offences deriving from crimes committed.

The entities to which the Decree applies are:

1. entities having legal personality;
2. companies and associations, including those without legal personality;
3. economic public bodies;
4. private entities providing a public service;
5. public sector-controlled companies.

The Decree does not apply to the State, local authorities, non-economic public bodies and organisations that perform constitutional functions (e.g., political parties and trade unions).


In accordance with this Decree, the Legal Entity in question may be held liable in relation to certain offences, specified in the Decree, which are committed or attempted by individuals who have a working relationship with the Entity: senior managers or their subordinates, such as employees or agents.

It is further specified that the Entity may be deemed to be liable only in relation to a predicate offence committed by one of the following individuals:

- those who hold positions entailing representation, direction or management of the Entity or of organisational units belonging to the Entity that are financially and functionally independent, who carry out, even if in a *de facto* capacity, management and control of the same. These are individuals who are referred to as “senior managers” in view of the duties they carry out;
- persons subject to the direction or supervision of the senior managers, referred to as “subordinates”.

However, the Entity may be exempt from such liability if:

- it has adopted and effectively implemented an Organisation, Management and Control Model (hereinafter also referred to simply as the “Model”) in order to prevent the types of crime envisaged in the Decree;

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- it has set up a Supervisory Board tasked with overseeing the enactment of the Model and compliance with it, as well as revising and updating it as required;
- A Code of Ethics has been drawn up and put into effect by means of appropriate dissemination.

Other actions defined in the Decree that may exempt the Entity from liability include periodically revising and updating the Model in the event of:


- changes that affect the organisational structure of the Entity;
- changes that affect the business activities carried out by the Entity and/or the products it offers to its customers;
- a breach of the organisational rules laid down in the Model being detected.

It is also necessary to update the model in response to legislative developments (new scope or types of offence) and new case law relevant to the Decree.

Failure to comply with the rules contained in the Decree may result in sanctions for the Entity that can also have a significant impact on its business activities.

The Entity's liability is additional to that of the natural person who committed the offence, it does not replace it, indeed it is independent of the liability of the perpetrator as it also exists where the perpetrator has not been identified or cannot be charged or where the offence is extinguished for a reason other than amnesty.

There is a national register which contains (excerpts of) final judicial decisions concerning the application and enforcement of administrative sanctions resulting from crimes, those alleging an administrative offence ensuing from a crime or which include decisions regarding such allegations. Any authority with jurisdiction in relation to the administrative offence ensuing from a crime, all public sector organisations and entities carrying out public services shall have the right to obtain a record of all the entries in the register regarding the Entity when this is necessary for them to perform their functions, as well as the public prosecutor in order to pursue justice.


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2. The Predicate Offences

The Entity may only be held liable in relation to certain offences (so-called predicate offences), that are identified in the Decree, as amended, as well as by the laws which refer strictly and explicitly to the provisions of the Decree, and which came into force before the offence was committed.


The predicate offences to which the Decree refers are those envisaged in Section III of Chapter I of Legislative Decree n. 231/2001 (articles 24, *et seq.*), which can be summarised in the following categories for ease of reference:

- ❖ **Crimes committed in relations with the Public Sector**, articles 24 (Misappropriation of funds, fraud against the State or a public body or the European Union or to obtain public funds, computer fraud against the State or a public body, procurement fraud in the public sector) and 25 (Embezzlement, extortion, undue incitement to give or promise benefits, corruption and abuse of office) of d.lgs. n. 231/2001;
- ❖ **Computer crimes and unlawful data processing**, introduced by article 7 of Law n. 48 of 18 March 2008 which amended d.lgs. 231/01 with the addition of article *24bis*;
- ❖ **Organised Crime**, introduced by article 2 (29) of Law n. 94 of 15 July 2009, which amended d.lgs. 231/01 with the addition of article *24ter*;
- ❖ **Forgery of money, counterfeiting credit instruments, revenue stamps, distinctive marks and identification instruments**, introduced by article. 6 of Law n. 409 of 23 November 2001 which amended d.lgs. 231/01 with the addition of article *25bis*, as amended by article 15 (7) lett. a), of Law n.99 of 23 July 2009;
- ❖ **Crimes against industry and trade**, introduced by article 15 (7) lett. b), of Law n.99 of 23 July 2009, which amended d.lgs. 231/01 with the addition of article *25bis.1*;
- ❖ **Corporate crimes**, introduced by Legislative Decree n. 61 of 11 April 2002, which amended d.lgs. n. 231/01 with the addition of art.*25ter*, as amended by Law n.190 of 6 November 2012 and subsequently by Legislative Decree n. 38 of 15 March 2017;
- ❖ **Crimes committed for the purpose of terrorism or subversion of the democratic order**, introduced by Law n.7 of 14 January 2003, which amended d.lgs. n. 231/01 with the addition of article *25quater*;
- ❖ **Mutilation of female genital organs**, introduced by Law n.7 of 9 January 2006, which amended

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d.lgs. n. 231/01 with the addition of article *25quater.1*;

- ❖ **Crimes against the person**, introduced by Law n.228 of 11 August 2003, which amended d.lgs. n. 231/01 with the addition of article *25quinquies*, subsequently amended by article 10 of Law n.38 of 6 February 2006 and by Law n. 199/2016;
- ❖ **Abuse and disclosure of inside information and market abuse**, envisaged in Law n.62 of 18 April 2005, which amended d.lgs. n. 231/01 with the addition of article *25sexies*;
- ❖ **Manslaughter or actual or grievous bodily harm** committed in breach of the rules pertaining to health and safety in the workplace and accident prevention, introduced by Law n. 123 of 3 August 2007, which amended d.lgs. n. 231/01 with the addition of article *25septies*, as amended by art. 300 of Legislative Decree n.81 of 9 April 2008;
- ❖ **Receiving, laundering and using money, goods or benefits of illicit origin, as well as self-laundering**, introduced by Legislative Decree n. 231 of 21 November 2007, which amended d.lgs. n. 231/01 with the addition of article *25octies*, as amended by Law 186/2014 and last replaced by Article 72(3) of Legislative Decree n. 231 of 21 November 2007, as amended by Article 5(1) of Legislative Decree n. 90 of 25 May 2017;
- ❖ **Copyright infringement offences**, introduced by article 15 (7) lett. c), of Law n.99 of 23 July 2009, which amended d.lgs. n. 231/01 with the addition of article *25novies*;
- ❖ **Inducement not to make statements or to make false statements to judicial authorities**, introduced by article 4 of Law n.116 of 3 August 2009, replaced by article 2(1) of Legislative Decree n. 121 of 7 July 2011, which amended d.lgs. n. 231/01 with the addition of article *25decies*;
- ❖ **Environmental Crime**, introduced by article 4 (2) of Law n.116 of 3 August 2009, replaced by article 2 (1) of Legislative Decree n. 121 of 7 July 2011, which amended d.lgs. n. 231/01 with the addition of article *25undecies*, updated by Law 68/2015 and then amended by Legislative Decree 21/2018;
- ❖ **Employment of illegally staying third-country nationals**, introduced by article 2 of Legislative Decree n.109 of 16 July 2012, which amended d.lgs. n. 231/01 with the addition of article *25duodecies*, amended by Law 161/2017;
- ❖ **Racism and Xenophobia**, introduced by Law n.167 of 20 November 2017, which amended d.lgs. n. 231/01 with the addition of article *25terdecies*, subsequently amended by Legislative Decree 21/2018;
- ❖ **Fraud and manipulation in sports, unlawful gaming or betting and gambling using prohibited devices**, introduced by Law n.39 of 3 May 2019 which amended d.lgs. n. 231/01 with the addition of article *25quartedecies*.

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- ❖ **Tax Crime**, introduced Decree Law n. 124 of 26 October 2019, converted with Law 157/2019, which amended d.lgs. n. 231/01 with the addition of article *25quinquiesdecies*, subsequently amended by Legislative Decree 75/2020.
- ❖ **Smuggling**, introduced by Legislative Decree 75/2020 which amended d.lgs. n. 231/01 with the addition of article *25sexiesdecies*.

Law n. 146 of 16 March 2006, ratifying and implementing the United Nations Convention and Protocols against transnational organised crime, introduced a number of offences which are relevant under the Decree if they are committed by an organised crime group and are *transnational* in nature, which means the offences need to be committed:

1. was committed in one country, but a significant part of its preparation, planning, management or control took place in another country;
2. was committed in one country, but involved an organised criminal group which pursues criminal activities in more than one country;
3. it was committed in one country, but had a significant impact on another country.

3. Criteria for attributing liability to the Entity


The commission of one of the predicate offences is only one of the conditions which may give rise to the application of the rules established in the Decree. There are further conditions relating to the manner in which the offence is attributed to the Entity, these can be divided into objective and subjective criteria.

The objective criteria require that the offences are committed:

1. by an individual who has a working relationship with the entity;
2. in the interest or to the advantage of the Entity.

In the first case, the perpetrators of the offence, according to the Decree, may be:

- a) individuals who hold positions entailing representation, direction, management or administration of the Entity or one of the organisational units belonging to the Entity that is financially and functionally independent, who carry out, even if in a *de facto* capacity, management and control of

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the same. These are individuals who are referred to as “Senior Managers” in view of the duties they carry out; specifically, the category of senior managers (a) may include directors, general managers, legal representatives, but also, for instance, directors and area managers. All individuals who are delegated by the directors to carry out activities involving management or direction of the Company must be considered to be “senior managers”;


- b) individuals subject to the direction or supervision of the senior managers are referred to as “Subordinates”. The category of subordinates includes all those who are subject to the management and supervision of senior managers and who, in essence, implement the decisions taken by senior managers. This category includes all employees of the Entity, as well as all those who act in the name, on behalf or in the interest of the Entity, such as, for example, agents and consultants, as well as process managers.

If more than one person is involved in committing the offence, it is sufficient that the senior manager or subordinate makes a conscious contribution to committing the offence, even if he or she does not commit the offence personally.

On the basis of the second of the two criteria envisaged in the Decree, in order for the Entity to be held liable it is necessary that the offence is committed in the interest or to the advantage of the Entity itself, this means both cases in which the outcome of the conduct is positive for the Entity, and cases in which this aim is pursued even if it is not actually achieved by the perpetrator of the offence.

With regard to the concept of interest, this exists if the person identified has acted fraudulently for personal benefit or for the benefit of third parties and of the company, even if this is partial or marginal for the Entity¹. Therefore, the concept of interest takes on a subjective nature, it refers to the will of a natural person in carrying out an act, while evaluating his/her own conduct at the time the act is carried out. Recently, interest must also be interpreted objectively by emphasising the component of the conduct that regards its

¹ ref. Court of Cassation Criminal Section. V, n. 40380/2012.

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purpose².

Where the concept of advantage is concerned, it must feature a set of benefits - mainly of a financial nature – that derive from the offence. The “advantage”, unlike the “interest”, can be attained after the fraudulent conduct is committed³. A financial advantage may also be in terms of cost savings⁴.

In the case of non-intentional offences, including workplace health and safety (Article 25*septies*) and environmental crimes (Article 25*undecies*), the interest and advantage must, for the most part, refer to conduct which does not comply with rules on precautionary measures⁵.

In any event, the Entity shall not be held liable if the offence was committed in the exclusive interest of the offender or of third parties.

The subjective criteria relate to the extent of the Entity’s fault, and therefore accountability. The Entity is liable if the required standards of sound management and control relating to its organisation and the performance of its business activities have not been adopted or have not been complied with. The Entity’s guilt, and therefore the possibility that the Entity will be admonished, depends on establishing that an incorrect policy or structural deficits in the company’s organisational framework are such that they have not been able to prevent one of the predicate offences from being committed.

However, the Entity is exempted from liability if, before the offence is committed, it has adopted and effectively implemented an organisational, management and control model capable of preventing offences of the kind that has been committed.

A (reparative) Model therefore works as an exemption in the event that predicate offences are committed.

If the predicate offence has been committed by a senior manager, the Decree introduces a kind of presumption of liability for the Entity, unless it proves that:


- the governing body has adopted and effectively implemented a model capable of preventing offences of the kind that has been committed before the offence was committed;
- the task of overseeing the enactment of the Model and compliance with it, as well as revising and

² ref. Court of Cassation Criminal Section II, n. 295/2018 and Court of Cassation Criminal Section IV, n. 3731/2020.

³ ref. Court of Cassation Criminal Section II, n. 295/2018.

⁴ ref. Court of Cassation Criminal Section IV, n. 3731/2020; Court of Cassation Criminal Section IV, n. 31210/2016.

⁵ ref. Court of Cassation Criminal Section IV, n. 16713/2018; Court of Cassation Criminal Section IV, n. 3731/2020; Court of Cassation Criminal Section. IV, n. 48779/2019;

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updating it as required has been entrusted to a committee with independent powers to take initiatives and carry out controls (i.e., the Supervisory Board);

- the individuals have committed the offence by fraudulently evading compliance with the Model;
- the Supervisory Board is not guilty of failure to supervise or insufficient supervision.

In the case of offences committed by subordinates, the Entity is only liable if it is proved that “*it was possible to commit the offence due to failure to fulfil obligations in terms of management or supervision*”, which are commonly duties carried out at the highest levels of company management.

However, this too is not the case if the Entity has adopted and effectively implemented the Model, before the offence was committed, thereby excluding failings in terms of management or supervisory obligations.


In the light of the above, the adoption and effective implementation of the Model, while not constituting a legal requirement, represent the only means available to the Entity to demonstrate that it was not involved in the criminal acts and, ultimately, to ensure exemption from liability pursuant to the Decree.

4. The territorial scope of criminal liability under d.lgs 231/01 (offences committed abroad)

Article 4 of Decree 231/01 governs offences committed abroad, envisaging that Entities with their head office in Italy are also liable for predicate offences committed abroad, in the cases and under the conditions laid down in Articles 7 and 10 of the Italian Criminal Code, provided that the country in which the offence was committed does not initiate proceedings in respect of those offences.

The Entity may therefore be prosecuted:

- when it has its head office in Italy, i.e., the actual location in which administrative and management activities are carried out, or the place where its operations are carried out on a continuous basis (entities without legal personality);
- when the country in which the offence was committed is not prosecuting the Entity;
- on the request of the Minister of Justice. Where legislation envisages that the perpetrator of the offence is punished at the request of the Minister of Justice, proceedings are brought against the Entity only in the event that the Entity is included in the request.

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5. The Organisation, Management and Control Model


The Model only provides an Entity with exemption from liability if it is deemed suitable and capable of preventing the predicate offences, and only if it is effectively implemented.

Despite the fundamental importance attributed to the Model in criminal proceedings involving an Entity, the Decree does not indicate the precise characteristics and contents of the Model itself, it merely dictates some general principles. This is why Confindustria (the General Confederation of Italian Industry) issued Guidelines in June 2021, thus providing companies that have chosen to adopt an organisational Model with a series of indications and measures, drawn from practical examples, that may be considered appropriate in abstract terms for compliance with the requirements of Decree 231/01.

The Guidelines are designed to guide companies in the creation of Organisational Models which do not merely represent fulfilment of a bureaucratic duty, on the contrary, they are specifically tailored to the characteristics of the individual Entity, its governance framework and the measures adopted, which are also reflected in the Protocols it draws up.

Specifically, the Model must:

- identify the activities within the scope of which offences may be committed (the so-called susceptible activities);
- establish specific protocols for the development and the implementation of decisions by the Entity in relation to the offences that must be prevented, identifying the risk factors, including potential risks, and designing a control system taking into account the probability that the event could occur and the impact of this event;
- identify ways of mitigating the risk that an offence could be committed by drawing up the aforementioned Protocols as well as Schedules or operating procedures. These include, but are not limited to: the Anti-Corruption Schedule, the Schedule for the managing tax risk (including identification of the Tax Control Framework), etc;
- include reporting requirements towards the Supervisory Board which is responsible for overseeing the enactment of and compliance with the model;
- introduce a structured disciplinary system to sanction non-compliance with the measures indicated in the Model.

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With reference to the effective implementation of the Model, the Decree also includes for the requirement to review and update the Model periodically if there have been significant breaches of its provisions or when there have been changes in the Entity's organisational structure or activities.

6. Attempted crime

The Entity is also held liable if one of the predicate offences (i.e., crimes) envisaged in the Decree is attempted, pursuant to Article 56 of the Italian Criminal Code.

However, the Entity is not liable when it voluntarily prevents the action from being carried out or the event from taking place.

In the event of an attempted crime, the pecuniary and prohibitory sanctions imposed on the Entity shall be reduced by between one third and one half.

7. Sanctions

The system of sanctions for administrative offences that derive from crimes committed envisages:

- **pecuniary sanctions,**
- **prohibitory sanctions;**
- **ancillary sanctions:**
 - o confiscation;
 - o publication of the ruling.

These sanctions are administrative in nature, even if they are applied by a criminal court.


Administrative sanctions may be brought against the Entity within a maximum of five years from the date on which the offence was committed. The period of limitation shall be suspended in the event that:

- a request is filed for precautionary prohibition measures;
- the administrative offence is challenged;

and a new limitation period begins as a result of the suspension.

If the suspension is due to the administrative offence being challenged, the limitation period does not run until the ruling defining the case becomes final.

Therefore, the limitation periods regarding the administrative offence committed by the Entity and that for the crime committed by the natural person do not necessarily coincide.

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7.1. Pecuniary sanctions

If the Entity is convicted, a pecuniary sanction is always applied. This fine is determined by the Courts using a system based on quotas, the value of which varies according to parameters set out in the Decree. The quotas range from a minimum of EUR 258 to a maximum of EUR 1 549.

In determining the amount of the individual quota, the Court takes the financial circumstances and net worth of the Entity into account in order to ensure that the sanction is effective.

When defining the sanction, the Court also establishes how many quotas to apply – not fewer than 100 nor more than 1000 – in consideration of the seriousness of the offence, the degree of liability of the Entity, and the actions it has taken to mitigate/eliminate the consequences of the offence and to prevent further offences from being committed.

The pecuniary sanction may be reduced, in the following circumstances:

- if the offender committed the offence for a personal interest or in the interest of third parties and the Entity has not acquired an advantage or has acquired a negligible advantage;
- if the damage caused is minor.


Moreover, the pecuniary sanction may be reduced by an amount from one third to one half if, before the hearing is declared open:

- the Entity has fully compensated the damage and eliminated the harmful or hazardous consequences of the offence
- a Model capable of preventing the commission of further offences has been adopted and implemented.

7.2. Prohibitory sanctions

Sanctions providing for forms of prohibition are applied in addition to the pecuniary sanction, but only if explicitly envisaged on the basis of the specific offence for which proceedings are brought and provided that at least one of the following conditions is met:

- the Entity has derived a significant profit from the offence, and the offence was committed either:
 - o by a senior manager
 - o by a subordinate, but only if serious organisational failings facilitated the commission of the offence;
- the crime is repeated.

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Prohibitory sanctions involve:

- temporary or permanent disqualification from running or pursuing the Entity's activities;
- suspension or revocation of authorisations, licences or concessions instrumental to the commission of the offence;
- a ban on contracts with the Public Sector, except those to receive a public service;
- exclusion from concessions, benefits, funding, financial aid or subsidies and potentially the revocation of those already granted;
- a temporary or permanent ban on advertising goods or services.


Prohibitory sanctions are the most damaging measures for the Entity and they are normally temporary. However, in the most serious cases, the ban imposed may be permanent.

Prohibitory sanctions may also be applied as a precautionary measure, further details are provided in paragraph 7 of this section.

However, the prohibitory sanctions are not applied, or are revoked if applied as a precautionary measure if, before the first court hearing is declared open (pursuant to Article 17 of Legislative Decree 231/01), the Entity has:

- compensated or remedied the loss or harm;
- eliminated the harmful or hazardous consequences of the offence or has at least taken effective steps to do so;
- surrendered the profits from the offence to the judicial authority to be confiscated;
- eliminated the organisational shortcomings that led to the offence, by adopting and implementing an organisational model capable of preventing further offences of the kind that have occurred from being committed.

More recently, Italian Law n. 3 of 9 January 2019 introduced prohibitory sanctions for certain offences committed against the Public Sector in order to fight corruption, and consequently the sanctions applied to these offences were also toughened. As a result, the prohibitory sanctions in these specific cases are between 4 and 7 years if the offence is committed by a senior manager and 2-4 years if committed by a subordinate.

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If all the actions listed above are carried out in *active repentance*, then the prohibitory sanction is replaced by a fine.

7.3. Ancillary sanctions

The Decree envisages two further kinds of sanction:

- confiscation, i.e., the State acquires the profits from the offence or an amount of equivalent value; clearly before ordering the preventive seizure of assets, the Court must consider there to be serious evidence of liability as well as the validity of the accusations⁶;
- publication of the final conviction, in full or an excerpt, in one or more newspapers indicated by the Court in the ruling and by displaying it publicly in the municipality where the Entity has its head office, at the expense of the Entity.

8. Precautionary measures

The Decree also envisages the possible application of precautionary measures in order to put some safeguards in place in advance in case the Entity is found guilty. For these precautionary measures to be applied, there must be strong evidence of the Entity's liability and well-founded, specific elements to suggest there is a real risk of re-offending.


Once it has been ascertained that it is possible to proceed with the application of precautionary measures, the Court must define them on the basis of their appropriateness given the nature and extent of the need to take precautionary measures in the specific case in question; the principle of proportionality must also be taken into due consideration in relation to the severity of the offence and to the sanction that may be applied.

Precautionary measures may take the form of prohibitory measures, court-ordered receivership, preventive seizure and precautionary attachment. Where prohibitory measures are concerned, reference is made to the considerations in paragraph 7.2.

The Court may place the Entity into temporary receivership, meaning the Entity's operations continue to be carried out by a court-appointed receiver. This generally replaces a prohibitory sanction when:

- the Entity provides a public service which, if interrupted, may have a negative impact on the wider community;

⁶ ref. Court of Cassation Criminal Section VI, n. 34505/2012;

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- in view of the size and economic circumstances of the area in which the Entity is located, suspending its operations would have significant repercussions on employment.

Preventive seizure only applies to assets for which confiscation is permitted, i.e., the profits and the product of the offence.

Precautionary attachment is to ensure guarantees are in place for the payment of the sanction, the legal costs or any other amount due to the Inland Revenue service, it affects the Entity's movable and immovable assets, the amounts or the things owed by the Entity.

9. Liability of the Entity when it undergoes changes


The Decree regulates the extent of the Entity's liability in the event of structural changes, such as:

- transformation
- merger;
- demerger;
- transfer or sale of a company.

The Decree establishes, as a general rule, that the Entity alone is responsible for paying a pecuniary sanction using its assets or common fund, thus excluding financial liability for shareholders or associates, regardless of the legal nature of the Entity itself. This principle also applies if the above-mentioned changes take place as described hereunder.

Analysing the individual cases, the Decree establishes the rule that, if the Entity is transformed "*liability for offences committed before the date on which the transformation took effect shall remain unaffected*". The new Entity will therefore be subject to the sanctions applicable to the original Entity for acts committed prior to its transformation.

In the event of a merger, the Decree stipulates that the Entity resulting from the merger, which includes incorporation, is liable for the offences for which the Entities taking part in the merger were liable.,

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In the event of a partial demerger, when this involves transferring a part of the assets of the demerged company, which continues to exist, the Decree establishes that the liability of the demerged Entity for offences committed prior to the demerger shall remain unaffected. However, the Entities benefiting from the partial or total demerger are jointly and severally obliged to pay the fine owed by the demerged Entity for offences committed prior to the demerger. This obligation is limited to the value of the assets transferred, except where the line of activity within which the offence was committed is transferred, even in part. Prohibitory sanctions, however, apply to Entities that have retained the line of activity within which the offence was committed or to which this has been transferred, even in part.

If the merger or demerger took place before the conclusion of the proceedings to ascertain the liability of the Entity, in determining the pecuniary sanction the Court takes into account the economic circumstances of the original Entity and not of the Entity resulting from the merger.

In the event of the sale or transfer of the company in which the offence was committed, the Decree establishes that, unless prior enforcement action has been taken against the Entity making the sale or transfer, the receiver is jointly and severally liable for the payment of the pecuniary sanction together with the Entity making the sale or transfer, within the limits of the value of the company that is transferred or sold, and within the limits of the pecuniary sanctions resulting from the statutory accounts, or for the administrative offences which the Entity making the sale or transfer was in any case aware of.




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**SECTION II
THE MODEL FOR
BRITA ITALIA
MANUFACTURING S.R.L.**

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1. The purpose of the Model

BRITA ITALIA MANUFACTURING S.R.L. also referred to herein as: BRITA or the “Company” or the “Organisation”), is a market leader in the water dispenser industry in Italy and is part of the Brita Group, which specialises in the optimisation of drinking water; the Group’s head office is in Germany.

With around 60 employees, BRITA specialises in optimising and filtering water – which is now a vital natural resource – offering products that are an eco-friendly alternative to bottled water. The company also adheres to sustainability criteria, with a view not only to improving product performance but also to fostering safe, environmentally sound production processes, the ultimate aim being to protect both people and the environment.


The choices made over the years by BRITA have been guided by the key goal of reducing the company’s impact: limiting emissions by applying a wide range of appropriate measures at company level, for example, improving the energy efficiency of its production sites, offices and machinery.

The Company is based in Arsago Seprio (VA), in Via Carducci 22, in an independent structure set in the context of typically industrial urban development area and its registered office is in via Seprio 8, Milan.

In view of this far-reaching **culture of compliance** that prevails within BRITA ITALIA MANUFACTURING S.R.L. together with the key goal of ensuring absolute scrupulousness and transparency in the conduct of its business and company activities – thus protecting the Company’s position and image – it has been decided to take the further step of implementing an **Organisation, Management and Control Model, pursuant to Italian Legislative Decree no. 231/2001**.

This organisation, management and control Model, approved by the **Board of Directors** on **8 September 2021** and adopted pursuant to articles 6 and 7 of the Decree, constitutes to all intents and purposes the Internal Rules and Regulations of BRITA ITALIA MANUFACTURING S.R.L.

This initiative was taken in the belief that adopting the Model – even though the Decree indicates that the Model is an optional rather than a mandatory feature of Company governance – can be highly valuable in raising awareness among all those working for the Company, encouraging consistently honest, reliable

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conduct in carrying out the tasks inherent in their jobs and therefore preventing the risk of offences like the ones identified in the Decree from being committed.

The aim of this Model is to establish and disseminate a working culture based on legality, by means of the identification of susceptible activities and the implementation of procedures to prevent the criminal conduct contemplated in the Decree. Legality is a prerequisite for lasting economic success.

No unlawful conduct, even if this is carried out in the interest or to the advantage of the Company, may therefore be considered in line with this policy.

The Model also aims to instil a culture that centres on monitoring and control, which must govern all the decision-making and operational phases of the Company's activities, in full awareness of the risks that derive from the offences that could be committed.

In order to achieve the goals described, appropriate measures are adopted to improve efficiency in carrying out business activities and to ensure constant compliance with the law and with applicable regulations, identifying and promptly eliminating situations which present risks.


In particular, efficient, fair governance is pursued: an organisational framework capable of preventing the commission of offences. This is primarily achieved by intervening on the processes by which Company decisions are developed and implemented, on a system of ex-ante and ex-post controls, as well as on information exchange, both internally and externally.

2. Guidelines

Article 6(3) of Legislative Decree n.231/2001 explicitly states that the Organisation, Management and Control Models may be adopted on the basis of codes of conduct drawn up by associations representing the Entities.

The Organisation Model for BRITA ITALIA MANUFACTURING S.R.L. incorporates the relevant components of the control system outlined in:

- the "***Guidelines for the construction of Organisation Management and Control Models pursuant to d. Lgs. 231/2001***", issued by **Confindustria** (the General Confederation of Italian Industry), as updated in June 2021;

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In developing the Organisation, Management and Control Model, the Guidelines establish, *inter alia*, the following stages:

- ✓ the identification of risks, i.e., the analysis of the specific company context to highlight in which areas of activity and in what way the offences identified in Legislative Decree n.231/2001 may occur;
- ✓ the development of a monitoring and control system capable of preventing these risks, by means of Protocols, identified in the previous phase, and through the evaluation of the existing control system within the Company and how far it fulfils the requirements stated in Legislative Decree n.231/2001.

3. The correlation between the Model and the Code of Ethics

The Organisational Model drawn up pursuant to Legislative Decree no. 231/01 identifies the predicate offences which could, even just potentially, be related to the activities carried out by ITALIA MANUFACTURING S.R.L., this is established through specific interviews and analysis of company documentation.

The Code of Ethics, on the other hand, contains the standards of conduct and the basic ethical values that inspire BRITA ITALIA MANUFACTURING S.R.L. in the pursuit of its objectives; these principles must be complied with by all Addressees and by those who, for whatever reason, interact with BRITA ITALIA MANUFACTURING S.R.L., as they are an essential element of the system of preventive and control.

The Code of Ethics is an official Company document which contains:


- rights;
- duties;
- the Entity's responsibilities towards all interested parties (employees, suppliers, clients, public sector authorities, etc.).

The Code of Ethics recommends, encourages or prohibits certain conduct and imposes sanctions that are proportionate to the severity of any breach that is committed.

The Code of Ethics also includes standards to safeguard against the breach of regulations regarding workplace accident prevention and environmental protection.

Minimum content requirements are also specified in relation to:


Intentional offences

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- The Company is committed to the observance of laws and regulations and has a duty to:
 - a) ensure every employee/consultant/supplier/customer complies with laws and regulations;
 - b) encourage the dissemination of these same laws and regulations;
 - c) ensure an adequate training and awareness programme on the issues addressed within the Code of Ethics;
- The Company shall ensure that every operation and transaction is recorded, authorised, verifiable, legitimate, congruous and appropriate and, in particular:
 - a) every operation must be properly recorded;
 - b) every operation must follow an established procedure that monitors the decision-making and authorisation system;
 - c) every operation must be supported by documentary evidence.
- in its relations with Public Sector Authorities, the Company shall not allow the following:
 - a) unlawful payments and/or gifts of benefits or courtesies, both in Italy and abroad;
 - b) offers of money or gifts to employees, at any level of the Public Service Sector or to their relatives, unless they are simple, low-value items;
 - c) any exceptions to the principles established in the Public Sector Authorities' voluntary codes of conduct;
 - d) acceptance of valuable objects, services or benefits in order to obtain more favourable treatment, regardless of the relationship with the Public Sector Authority;
 - e) conduct by Company employees that could influence the decisions of the Public Sector Authority inappropriately;
 - f) representation by an external consultant or a "third party" in dealings with the Public Sector when this could, even potentially, create a situation of "conflict of interest";
 - g) undertaking any action with the aim of assessing or proposing employment and/or business opportunities to the advantage of a Public Sector Authority employee, on a personal basis;
 - h) proposing any business initiative to a Public Sector Authority employee;
 - i) requesting or taking action to gain access to information considered confidential by the Public Sector Authority;
 - j) hiring a former Public Sector employee.

Non-intentional offences

- By means of the Code, the Company shall divulge the principles and criteria at the basis of decisions

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of all types, taken at all levels, which must:

- a) eliminate and/or mitigate all risks, including potential risks;
- b) review and monitor all risks that cannot be eliminated;
- c) introduce risk mitigation measures;
- d) reduce risks at source;
- e) engage in initiatives that significantly reduce the hazard ratio;
- f) plan appropriate measures to improve safety levels with particular attention to so-called collective protection measures;
- g) provide the Code's Addressees with specific instructions.

The Code of Ethics can also serve to establish and potentially implement


- a) any measures taken by the Company to eliminate/reduce the negative impact of its business activity on the environment;
- b) the value of training and communicating the ethical principles in the Code to everyone who works in the company;
- c) the disciplinary system and the sanctioning mechanisms:

It follows that the Code of Ethics is to be considered as a cornerstone of the Model, as the provisions contained in the latter assume compliance with the provisions of the former, and together they make up a systematic set of internal rules which aim to transmit a shared company ethos of integrity and transparency. The Code of Ethics, which shall be referred to in its entirety, is attached to the Model and forms an integral part of it.

4. The Model's guiding principles

This Model is prepared on the basis of the following fundamental principles:

- it is necessary to provide the individuals involved in the development and implementation of the Company's intentions with powers and duties that are consistent with the organisational responsibilities assigned to them, this is achieved by means of a clear and comprehensive system of written delegation and/or powers of attorney, including their powers of expenditure, this is kept up-to-date and approved by the Shareholders' Meeting;


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- setting achievable company and individual targets that are consistent with the actual possibilities of the Addressees;
- establishing that Company employees as well as external agents and consultants are chosen on the basis of their expertise and professionalism qualifications, in accordance with the Code of Ethics, the Model, as well as in compliance with the applicable legislation (the “Workers’ Statute”);
- encouraging information to circulate, while complying with confidentiality requirements, in order to identify conduct that is not compliant with the provisions of the Model. This information is particularly relevant for the purpose of mapping out activities that are at risk (the so-called susceptible activities), which is essential for adequate organisation in terms of prevention;
- guaranteeing transparency and traceability of every significant operation within the scope of the activities in which there is a risk that the predicate offences may be committed, consequently it must be possible to relative conduct verify ex post using genuine, unalterable, correctly filed and verifiable documentation, prepared by clearly identifiable individuals. When computer systems are used, restrictions need to be established in relation to the specific job profiles;
- ensuring constant training and updating of the Addressees on the legal requirements that affect the duties they carry out, on the indications within the Code of Ethics as well as on the procedures identified in the Model or which refer to it in any way;
- the dissemination of rules of conduct, procedures and company policies that comply with the principles established in the Model and the involvement of company staff at all levels in their implementation;
- verifying in practical terms that the Model is working correctly, reviewing and updating it periodically on the basis of the indications that result from its everyday application;
- any conduct by the Addressees that is inconsistent with their duties or in breach of the protocols established within this Model shall be rigorously disciplined.

5. The structure of the Model

Following the guidelines provided by Confindustria, the Organisational Model conceived for BRITA ITALIA MANUFACTURING S.R.L. is made up of a General Part and a Special Part.

The General Part describes the contents and effects of the Decree, the principles and aims of the Model, the

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tasks of the Supervisory Board and an outline of the disciplinary system envisaged.

The Special Part also includes the organisational procedures drawn up on the basis of the mapping of areas at risk.

The Special Part may also envisage implementation Protocols, which are designed around the existing control system within the Entity for the prevention of offences and which review and adjust this system as appropriate. The aim of these Protocols is to reduce or eliminate the risks by acting on two factors:

- **P** = probability that an event will occur;
- **I** = the impact of this event.

Under no circumstances may the provisions contained in company procedures justify non-compliance with the stipulations of this Model.

6. Criteria for the adoption of the Model


The Model has incorporated all the legislative changes introduced up to June 2021, taking into account all the predicate offences envisaged in the legislation up to that date.

The preparation of the Model involved the following steps:

- I. defining the methodology for mapping activities in which there is a risk of an offence being committed;
- II. defining the map of the activities “susceptible” to these risks and identification of the relevant risk mitigation mechanisms in organisational terms.

To achieve this, the relevant documentation as per Legislative Decree n.231/2001 relating to the organisational framework in place was gathered and analysed. This activity was subsequently verified, completed and discussed by means of interviews with senior figures in the company, the specific aim being to:

- check that the list of susceptible activities was exhaustive;
- verify the robustness of the control system already in place (procedures, instructions, delegation systems, logical security measures, etc.) to discourage or prevent unlawful conduct;
- discuss the areas identified as requiring improvement (gaps in existing controls) and the action plans proposed to address these gaps, to be implemented by supplementing the rules in place or by preparing specific *ad hoc* rules.

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6.1. Mapping the susceptible activities

On the basis of the types of offence detailed in the Decree which could result in administrative liability for the Company, those which are theoretically applicable in the context of the Company were determined.

Subsequently, for each category of offence, the “susceptible” activities and processes were identified.

In order to identify the areas at risk within the Company in specific, practical terms, BRITA ITALIA MANUFACTURING S.R.L was analysed in terms of the company as a whole and its organisational structure, as represented in the organisational chart.

This analysis was carried out using documentation relating to the Company together with all the information obtained during the interviews with the Board and Area Managers.

Thanks to this analysis it was possible to achieve a thorough review of all company processes involved its operations thus identifying those that could be considered “risk areas”.


6.2. Risk analysis

An evaluation was then carried out for each risk area to highlight:

- the activities in which there is a risk of an offence being committed;
- the potential offences;
- the ways in which the potential offences could be committed;
- the individuals normally involved;
- the degree of risk;
- the existing control measures;
- any improvement plans.

This analysis revealed that the Company is susceptible to the commission of the following predicate offences:

- crimes against public bodies;
- computer crimes and unlawful data processing;
- organised crime;

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- forgery;
- crimes against industry and trade;
- corporate crimes;
- crimes against the person;
- manslaughter or actual or grievous bodily harm committed in breach of the rules pertaining to health and safety in the workplace;
- receiving, laundering and using money, goods or benefits of illicit origin, as well as self-laundering;
- copyright infringement offences;
- inducement not to make statements or to make false statements to judicial authorities;
- environmental crime;
- employment of illegally staying third-country nationals;
- tax crime;
- smuggling.

the following, on the other hand, were excluded from the detailed analysis:

- crimes committed for the purpose of terrorism or subversion of the democratic order;
- market abuse;
- mutilation of female genital organs;
- racism and xenophobia;
- fraud and manipulation in sports.

The Board of Directors, with the help of the Supervisory Board, has been assigned the task of ensuring continuous updating of the mapping of susceptible activities and key processes, which needs to be carried out with particular attention in the event of changes within the Company.

6.3. Risk assessment criteria

The principle adopted for risk assessment follows the commonly adopted formula:

$$R \text{ (isk)} = P(\text{robability}) \times D(\text{amage})$$

assigning a value from 1 to 4 to the variables P and D; while the value 0 is only assigned in the event that the possibility that the offence will be committed is non-existent.

In order to calculate the Probability event will occur (P) and the Damage that the event may cause (D), with reference to the individual offences indicated in the special sections, the following criteria are used:

Values used to calculate probability	
1	1 - 25%
2	26 - 50%
3	51 - 75%
4	76 - 100%


Values used to calculate damage	
Pecuniary sanction from 100 to 500 quotas	1
Pecuniary sanction from 501 to 1000 quotas	2
Prohibitory sanction	2

By way of example, it follows that a score of 4 is assigned for “Probability” if for the specific offence analysed, there is a probability of between 76% and 100% that it will occur. In relation to the “Damage”, a score of 4 will be assigned, for example, if the sanction envisaged for that specific offence is both a pecuniary sanction (of between 501 and 1000 quotas) and a prohibitory sanction.

On combining the two values, the following results are obtained:

	PROBABILITY				
	0	1	2	3	4
D A M A G E	0	1	2	3	4
	1	2	3	4	5
	2	3	4	5	6
	3	4	5	6	7
	4	5	6	7	8

KEY	
0	NON-EXISTENT
1 - 4	ACCEPTABLE
5 - 8	MEDIUM
9 - 16	HIGH

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The assessment will be considered “positive” if the result obtained indicates a risk level that is at least “acceptable”, i.e., in the range from 1 to 4. The value “non-existent” will be obtained only if the probability that the offence will be committed is 0. It should be noted that if the result is between 5 and 16, the Entity must take measures to mitigate this risk and reduce it to an “acceptable” level.

When acting to reduce the risk level, it should be noted that the damage attributed to the Entity in the event that the offence is committed is calculated by the relevant authority of the judicial system and, therefore, it is a value with legal status and it cannot be reduced in any way by corrective and/or preventive actions carried out by the Entity. On the other hand, where the probability value is concerned, the corrective measures that the Entity may adopt in order to reduce the possibility that the event could occur are listed below.

Measures to mitigate the probability	
Code of Ethics + Model + other required documents (e.g. Risk Assessment Document) = Regulatory Compliance	1
Regulatory Compliance + Organisational System (non-certified system e.g., safety mandates/manual of procedures/organisational chart) = Organisational Compliance	2
Organisational Compliance + Certification/Schedules/DPO = Complex Overall Compliance	3

On the basis of the R(isk) value obtained, the measures should be ranked in a different order of priority.

Consequently, starting from an offence that could potentially be committed by the Entity and having calculated its Probability of occurrence, as well as the related Damage – by way of example, Probability 4 and Damage 4 - once a Risk value has been obtained equal to - for example - 16 (HIGH), in order to reduce

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this Risk and bring it down to an “acceptable” level, the Entity must immediately implement corrective measures, at the very least, planning actions leading to the adoption of a measure to reduce the Probability to 3.

Example of the assessment of residual risk:

1. the “original” Risk is calculated by multiplying the Probability value (from 1 to 4) with the Damage value (from 1 to 4);
2. if the value obtained corresponds to a medium or high level of risk, the Entity shall adopt one of the measures indicated in the table above (e.g., Complex Overall Compliance);
3. the value of the mitigation measure must be subtracted from the original Probability value.

Therefore, if the original Probability value and the Risk value are both equal to 4, this value will be subtracted from the original value using the “Complex Overall Compliance” measure (value 3). This produces a Probability of occurrence of 1, which when multiplied by the Damage ($R = P \times D$) - which cannot be changed - leads to a residual Risk of 4 and is therefore “acceptable”.


6.4. The definition of acceptable risk and calculation of the degree of risk

“Acceptable risk” is a fundamental concept in the construction of an organisational model. Indeed, in order to apply the rules in the Decree, it is crucial to define a threshold, thus making it possible to put a limit on the quantity and quality of preventive measures to be introduced to impede commission of each offence. The Guidelines issued in June 2021 by Confindustria state that the risk is considered acceptable when the additional controls “cost” more than the resource to be protected.

In the case of intentional offences, the risk is acceptable when the effectiveness of the system in place to prevent the offence from being committed is such that it can only be evaded fraudulently (this represents grounds for exemption and is known as fraudulent evasion of the Model)⁷.

In the case of non-intentional offences, an acceptable risk is represented by conduct in breach of the preventive organisational model, in spite of supervisory obligations having been correctly observed.

⁷ ref. Court of Cassation Criminal Section V, n. 4667/2014;

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The degree of risk that one of the possible offences may occur has been assessed for each susceptible area, taking into due account the presence of processes that are conducive to the commission of the offences in question.

The risk assessment uses a ranking system (NON-EXISTENT, ACCEPTABLE, MEDIUM, HIGH) which has been specifically designed to assess the risk of the offences envisaged in Legislative Decree n.231/2001 being committed in the context of the Entity’s operations, by combining the following assessment factors (see section 6.3 and relative tables):


- a) **RISK:** any variable or factor within the company which, alone or in correlation with other variables, may negatively affect the achievement of the objectives established in Decree 231/01, including specific reference to Article 6(1)(a)⁸;
- b) **PROBABILITY:** the condition in which a fact or event is believed to be likely to happen, or which, among several possible facts and events, appears to be the one that may most reasonably be expected to happen, also considering certain conduct;
- c) **DAMAGE:** the result of an action or event which exposes the Entity to an accusation under Decree 231/01.

6.5. Identification of risks and the risk management process

These are the main phases for the identification of risks in accordance with the 231/01 system:

- a) **Identification of potential risks:** the identification of the areas or sectors of the company’s activities in which events that jeopardise the objectives set out in Legislative Decree 231/01 could theoretically occur. Depending on the type of offence, the activities, areas and sectors exposed to risk may therefore be more or less extensive (in the context of Legislative Decree 81/08, it is mandatory to extend these protocols to all areas of interest);
- b) **Designing a system of safeguards (Protocols):** i.e., evaluating the existing system within the Entity for the prevention of crimes, meaning the set of measures to effectively combat the risks identified by reducing them to an acceptable level. Each Protocol must reduce the probability that the event may occur as well as the impact of the event itself. It must be ensured periodically according to a specific schedule that these standards are maintained.

⁸ “a) before the offence was committed, the governing body adopted and effectively implemented organisation and management models capable of preventing crimes such as the one perpetrated”

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6.6. Risk management in operational terms


In practical terms, risk management is carried out as follows:

- a) **Creating an inventory of the company's areas of activity**, which takes the form of a periodic review of the company as a whole, with the aim of identifying the areas in which, even just potentially, a predicate offence could be committed. In concrete terms, this means identifying the kinds of crime that are relevant to the company and the areas which are potentially at risk due to the nature and characteristics of the activities actually carried out there. To give an example, in the case of crimes against Public Bodies, it is necessary to identify the company departments which have direct or indirect relations with the Public Sector or to identify processes that may be affected;
- b) **Analysis of the potential risks**: the analysis of potential risks needs to take the crimes that are possible in the various areas of the company into due consideration;
- c) **Evaluation, construction and adaptation of preventive safeguards**: the activities referred to in the preceding points are accomplished by establishing a system of preventive safeguards, which may already exist, keeping it constantly up-to-date. In short, this means designing protocols to cover the development and implementation of the company's decisions in relation to the offences that are to be prevented. These safeguards are divided into three levels:
 - 1) **First level of control** inherent in the operational processes, carried out by internal staff by means of self-monitoring;
 - 2) **Second level of control** carried out by technical groups that are separate from those of the first level;
 - 3) **Third level of control** for more highly-structured, large companies carried out by the Audit Committee which provides independent evaluations and improvement plans that are drawn up in agreement with company management.

6.7. Systems to prevent intentional crimes

In order to combat fraudulent activity carried out with the aim of eluding the Organisational Models, the following measures are adopted in relation to intentional offences:

- a) the adoption of a Code of Ethics and/or a Code of Conduct;
- b) a structured organisational system consisting of a specific organisational chart allocating

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- responsibilities, hierarchy and a description of tasks;
- c) manual and automated procedures: these regulate the performance of activities, the segregation of duties, control of procedures and the implementation of initiatives, including joint signatures;
- d) formalisation of signature and approval authority;
- e) the implementation staff training and awareness activities;
- f) Integrated control systems: a system of procedures together with 231 Protocols, e.g., management of offshore payments.

6.8. Systems to prevent non-intentional crimes


In order to combat fraudulent activity carried out with the aim of eluding the Organisational Models, the following measures are adopted in relation to non-intentional offences:

- a) the adoption of a Code of Ethics and/or a Code of Conduct;
- b) a structured organisational system consisting of a specific organisational chart allocating responsibilities, hierarchy and a description of tasks, including mandates under workplace safety and environment regulations;
- c) the implementation staff training and awareness activities;
- d) circulation of communications;
- e) stringent policies for recruitment, selection and appointment of staff;
- f) a monitoring system: time scheduling of checks and procedures for reporting non-compliance.

7. The Model: adoption, amendment and additions

The Board of Directors is solely responsible for adopting, amending and adding to the Model.

In carrying out this specific duty, the Board of Directors is assisted by the Supervisory Board, within the scope of the powers conferred on the latter in Article 6 (1) letter b) and Article 7 (4) letter a) of the Decree, it also acts on reports made by Addressees as well as by the Area Managers, who are entitled make suggestions to the Board of Directors regarding the updates and improvements to the Model. They also have the duty to submit a written without undue delay in the event that they detect facts, circumstances or organisational shortcomings during their supervisory activities which highlight that it would be necessary or appropriate to amend or make additions to the Model. The Supervisory Board carries out any updating,

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in a dynamic sense, of the Model, implementing suggestions and proposals to the pertinent company bodies/departments, carrying out follow-up activities in order to assess the effectiveness of the solutions proposed⁹.

Every six months at least, the Supervisory Board is obliged to highlight these observations in its report to the Board of Directors referred to in this Model, thus ensuring an effective flow of communication to and from Company management.

In any case, the Model must be promptly amended or supplemented by the Board of Directors, after consulting the Supervisory Board, which may also suggest these amendments or additions, in the following circumstances:


- breaches or circumvention of the provisions of the Model that have demonstrated that it is ineffective or incompatible with the purpose of preventing the predicate offences;
- significant changes in the internal structure of the Company and in the ways in which its business activities are carried out;
- regulatory changes;
- whenever shortcomings are revealed or the Board of Directors deems it necessary to make additions or amendments.

The operating procedures adopted in order to implement this Model may be amended by the Board of Directors should these procedures prove to be ineffective for the purpose implementing the provisions of the Model correctly, on the basis of proposals made by the Managers of the company area in question and subject to the non-binding opinion of the Supervisory Board. The same Area Managers may also express an opinion on the amendments or additions that need to be made to the operating procedures in order to apply any revisions to this Model. All amendments, updates or additions to the Model must always be communicated to the Supervisory Board.

8. The Company Structure

For the purposes of implementing the Model, the Company's structure is crucial as it is the organisational framework which determines the key internal divisions, the functional areas and the main responsibilities assigned within each area. In this respect, reference should be made to the description of the current company structure highlighted in the BRITA ITALIA MANUFACTURING S.R.L. Organisational Chart.

⁹ ref. page 76 Confindustria Guidelines of June 2021

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9. The Addressees of the Model

The rules within the Model and in the Code of Ethics apply first of all to individuals who hold positions entailing representation, direction or management of the Entity or one of the organisational units belonging to the Entity that is financially and functionally independent, as well as those who carry out, even if in a de facto capacity, management and control of the Company.

The Model and the Code of Ethics also apply to all the Company's employees, including those who collaborate with the Company for whatever reason, who may also be abroad.

Moreover, the Model and the Code of Ethics also apply, within the limits the working relationship that is in force, to anyone who, while not belonging to the Company, operates on its behalf or is linked to the Company by any form of official relationship that is relevant to the prevention of the predicate offences.


To this end, within the Company in question, the Area Managers and those who exercise such functions even in a *de facto* capacity, following consultation with the Board of Directors if applicable, shall determine in advance which types of official business relations with parties that are external to the Company require the application of the provisions of the Model and of the Code of Ethics due to the nature of the working activity carried out. Similarly, communication, where applicable, of the Model and of the Code of Ethics to external parties and the procedures for compliance with the provisions contained therein shall also be determined in order to ensure that all parties concerned are in possession of full and effective knowledge of them.

The Addressees are required to comply with all the provisions and protocols contained in the Model and the Code of Ethics, as well as with all the procedures for their implementation, with the utmost integrity and diligence.

10. Crimes that are relevant in the Company context

The Model should be regarded as a tool to guide the conduct of all individuals who work within the Company and to foster legality and honesty at all levels, and its adoption has a positive impact on the prevention of any crime or offence contemplated within the legal system.

However, in order to comply with the specific provisions of the Decree, only those predicate offences that may be committed in the susceptible areas identified in paragraph 16.2 are considered relevant for the purposes of this Model, as established on the basis of the analysis of the specific Company context and of

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the activities which are potentially at risk. The predicate offences specifically examined in the Model are indicated in the Special Part, to which reference should be made for a comprehensive explanation.

11. The Supervisory Board

11.1 Composition

The law does not provide precise indications as to the composition of the Supervisory Board, leaving ample room for the Entity to choose between a board with one or with several members. In small companies, a monocratic Board is preferable, which may be a senior manager; while for medium-large companies a collective body is preferred, excluding senior managers.

It is forbidden to assign any member of the Supervisory Board, even internal figures, tasks that are of an expressly operational nature. This would have an irremediable impact on the autonomy and independence of the members of the Supervisory Board: if just one member takes decisions on the Entity's activities, this could prejudice the equanimity of this individual's judgement and therefore that of the Supervisory Board in carrying out its controls.

11.2 Duties, requirements and powers

11.2.1 Duties


The duties of the Supervisory Board are regulated by Articles 6 and 7 of Legislative Decree 231/01 and can be summarised as follows:

- supervision of the effectiveness of the Model
- examination of the adequacy of the Model;
- checking that the robustness and the practical functions of the Model are maintained over time;
- updating the Model dynamically (suggestions, recommendations and follow up).

11.2.2 Requirements

The Supervisory Board is required, *inter alia*, to be:

- **specialised**. This indication is also included in the Report accompanying Decree 231/01;

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- **autonomous**, as per Article 6 (1) letter b) of Legislative Decree 231/01¹⁰ and **independent**, meaning the Supervisory Board may never take on operational duties¹¹. The Supervisory Board's autonomy is also conveyed by the allocation of an expenditure budget, as well as remuneration for each member in recognition of the activities carried out and the responsibilities taken, it also has its own set of Regulations;
- **qualified**: this refers to the cultural and technical background of the members, also emphasised in the professional requirements and specifications included in the Model, which state that each member shall have expertise in inspection and consultancy, as well as technical knowledge conferring the necessary authority to effectively carry out controls¹². It is also desirable that at least one member of the Board should hold legal qualifications, "...and, in particular regarding criminal law"¹³.

11.2.3 Powers

The Supervisory Board has specific powers, which include:


- verification of the effectiveness of the Model;
- supervision of the effectiveness of the Model and of the relevant procedures;
- the power to formulate proposals for updates to submit to Company management;
- the power to file disclosure reports to the management body;
- the obligation to prepare and submit a report of activities every 6 months;
- the obligation to transmit any communication to the Audit Committee;
- unrestricted access to all company departments, areas and documents;
- the requirement to dispose of adequate financial resources, as suggested by the Supervisory Board itself;
- the obligation to draw up its own set of Regulations;
- the obligation to prepare an audit plan.

¹⁰ Ref. Gip (Preliminary Investigations Magistrate) Milan, order 20.09.2004

¹¹ Ref. Gip Court of Rome 4.04.03

¹² Ref. Court of Naples 26.6.2007

¹³ Ref. page 79 third paragraph, Confindustria Guidelines.

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11.3 Information flow to and from the Supervisory Board.

11.3.1 Mandatory notification to the Supervisory Board


Certain communications to the Supervisory Board are mandatory, and these notifications provide a further layer of supervision which help to ascertain how it was possible for an offence to occur.

All Addressees of the Model, in compliance with their legal requirements according to Articles 2104 and 2105 of the Italian Civil Code: duties of diligence and of loyalty, shall notify the Supervisory Board – pursuant to the relative Schedule attached to this Model – if they are in possession of any useful information that may facilitate checks on the correct implementation of the Model. In particular, if Area Managers identify potential improvements regarding the definition or application of the prevention protocols pursuant to this Model, they shall draw up, submit and promptly send the Supervisory Board a “memorandum” (e.g., a report, e-mail, checklist, etc.) which has to include the following minimum content:

- a description, which may be concise, of the current situation regarding implementation of the prevention protocols for susceptible activities in the reporter’s area;
- a description, which may be concise, of the checks carried out on the implementation of the prevention protocols and of the action taken to improve their effectiveness;
- an indication, also concise, of any need to amend the prevention protocols and the relevant implementation procedures;
- any further information that may be expressly requested by the Supervisory Board on a case-by-case basis.

All the functional areas of the Company have specific obligations to provide information to the Supervisory Board, as specified in the relative Schedule, these are may include:

- periodic reports summarising the monitoring and control activities carried out;
- fact sheets;
- technical reports;
- specific assessments;
- any other kind of document that describes abnormal or unusual situations encountered in the course of their work.


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Therefore, the Area Managers, as part of the Company governance system, must communicate the results of the controls already have already carried out and not limit themselves to merely transmitting information. Information flows organised in this way allow Company Management to carry out its controls, while the Supervisory Board (as an assurance mechanism) can assess the findings arising from the controls.

The Supervisory Board is also the recipient of all periodic reports on workplace health and safety and on the environment. The fact that submitting information to the Supervisory Board is a mandatory requirement also ensures adequate level of authority when requests are made for documentation that is necessary for the Supervisory Board to perform its functions. In implementation of the US Federal Sentencing Guidelines and the relevant Compliance Programs, mandatory notification of the Supervisory Board is also extended to any employees who come into possession of information relating to a breach of the Organisational Model.

Information addressed to the Supervisory Board may concern:

- issuance and updating of organisational documents;
- changes regarding responsibilities in the company functional areas in which activities at risk are performed;
- the company system of delegation and powers of attorney, and any updates thereto (where applicable);
- the main aspects regarding any non-routine operations initiated and concluded;
- operations that are in any way significant within the areas deemed at risk, bearing in mind the indications provided in the Special Part;
- indications that are valuable in evaluating the implementation of the systems for workplace safety (e.g., analysis of accidents, risk assessment) and environmental protection;
- i reports prepared by Area Managers and Process Managers, as part of their monitoring and control activities, which highlight facts, actions, events or omissions that are critical with respect to compliance with the provisions of the Decree or of the Model and the Code of Ethics;
- disciplinary proceedings initiated for breaches of the Model, or for serious incidents committed by an employee to the detriment of the company;
- any request for legal assistance made by managers/employees subject to legal proceedings in the framework of Decree 231/01;
- any decisions relating to applications or use of public funding;
- any communication from the public prosecutor's office or from other authorities.;

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- setting up internal committees of enquiry to counter allegations of liability under Decree 231/01;
- checking of commissions received from public bodies or individuals providing public services;
- information on the performance of company activities as defined in detail in the procedures for implementing the protocols envisaged in the Special Parts of the Model;
- information of any kind that may support supervisory activities.


It is understood that, should the Supervisory Board return a negative verdict, the Area Managers who forward the notification concerning their specific areas shall refrain from stating opinions or considerations in order to avoid potential incompatibility. The aim of providing information to the Supervisory Board is to allow it to improve its planning and controls activities, it must be left to the discretion of the Supervisory Board whether to take action in any particular case.

It should be added that the reporting system is effective as long as the principle of confidentiality is applied to all communications.

All employees and members of the Company's various bodies are obliged to report the commission or presumed commission of the offences referred to in the Decree of which they become aware as soon as possible, this also applies to any breach or presumed breach of the Code of Ethics, the Model or the procedures established to implement it. All employees and members of the Company's various bodies may ask the Supervisory Board for clarification on the correct interpretation and application of this Model, the prevention protocols, the relevant implementation procedures and the Company's Code of Ethics.

Agents, consultants, contractors and all persons external to the Company are obliged, in the framework of the activities carried out for the Company, to notify the Supervisory Board promptly and directly in the event of the breaches indicated in the previous point; this mandatory requirement must be specified in the contracts that bind them to the Company, or disseminated by means of appropriate practical instructions.

In order to permit compliance with the provisions of this paragraph, a dedicated e-mail address has been set up (IT60_odv@brita.net), it is also possible to deposit a hard copy in the mailbox that is physically located on the premises for the purpose of communications to the Supervisory Board from employees, members of the various Company bodies and external entities. Notifications or reports to disclose any kind

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of information can also be made orally to the Supervisory Board or by using the internal postal system.

Confidentiality must be guaranteed in the context of all reports and disclosures, in compliance with legislation on whistleblowing. Where anonymous reports are concerned, in accordance with the new whistleblowing protocols, they will only be taken into account if they relate to substantiated facts and/or are accompanied by specific documentation.

If oral reports are not given directly to the Supervisory Board, the Area Manager shall draft a written record of the interview, with the assistance of a member of the Supervisory Board. In any event, Area Managers, together or separately, shall inform the Supervisory Board promptly of any communication which they receive relating to the Organisational Model or the application of the Decree.


11.3.2 Notification from the Supervisory Board to the Company bodies

When the Supervisory Board is established, and after that at least once a year, it prepares and issues a work plan relating to its inspection activities, which is supplemented by documentation stating the outcome of all its activities out. It reports to the Board of Directors unless established otherwise in this Model.

Except in cases which require different levels of confidentiality and privacy, the Supervisory Board shall promptly inform the Board of Directors in the event of significant developments or facts concerning its operations, or any urgent critical issues regarding the Model that emerge during its activities, or which are reported by the Area Managers.

Every six months, at least, the Supervisory Board shall prepare a written report for the Board of Directors, and for other Control Bodies if requested by the Board of Directors (Audit Committee, External Auditing Firm and, if present, the internal audit department). This report shall contain the following minimum content:

- a) A summary of the activities carried out by the Supervisory Board over the year;
- b) a description of any problems that have arisen with regard to the operational procedures for implementing the provisions of the Model;
- c) a description of any new activities identified in which there is the risk of an offence being committed;

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- d) bearing in mind the confidentiality requirements, a summary of the reports received from internal and external sources, including issues the Board has detected directly, concerning presumed breaches of the provisions of this Model, of the prevention protocols and of the relevant implementation procedures, as well as the infringements of the provisions of the Code of Ethics, together with the outcome of the checks carried out as a consequence;
- e) information on any predicate offences that have been committed;
- f) any disciplinary measures and sanctions applied by the Company with reference to breaches of the provisions of this Model, of the prevention protocols and of the relevant implementation procedures as well as of the Code of Ethics;
- g) an overall assessment of how the Model is functioning and its effectiveness, with any suggestions for additions, corrections or amendments;
- h) details of any changes in the regulatory framework or significant changes in the internal structure of the Company or in the ways in which the business activities are carried out which mean that the Model has to be updated;
- i) disclosure of any situation involving a conflict of interest, even just potentially;
- j) a statement of the expenses incurred.


This report must be correctly recorded and stored to avoid access by anyone external to the Supervisory Board and the Board of Directors.

The Board of Directors and the other Control Bodies are entitled to summon the Supervisory Board at any time to inform them of its activities. Similarly, the Supervisory Board may request the convening of the Board of Directors and the other Bodies.

11.4 The Supervisory Board in BRITA ITALIA MANUFACTURING S.R.L.

Given the structure of the Company, BRITA ITALIA MANUFACTURING S.R.L. has selected to form a monocratic Supervisory Board.

The Supervisory Board is appointed by the Board of Directors, this decision must be substantiated, emphasising the presence of the prerequisites: qualification, specialisation, autonomy and independence.

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It is essential that the Board of Directors selects the members of the Supervisory Board by verifying that the candidates possess the specific professional expertise, not limiting its evaluations just to a CV, but verifying that the candidate members actually have skills and experience in *“inspection, consulting, as well as specific technical knowledge conferring the necessary authority to ensure the effectiveness of the powers of control and initiative assigned”*. The Board of Directors shall also assess whether at least one member of the Supervisory Board (for Boards with multiple members) should possess specific knowledge and expertise in criminal law, as indicated on page 79 of the new Guidelines.

The Board of Directors examines the information provided by the candidates for appointment to the Supervisory Board to see whether they actually possess the necessary requirements.

Upon acceptance of the role, and having read the Model and formally adhered to the Code of Ethics, the Supervisory Board member undertakes to perform the functions assigned, ensuring the necessary continuity, independence and autonomy, as well as immediately notifying the Board of Directors of any event likely to affect the continuity of the above-mentioned requirements.

After the Supervisory Board has been appointed, the Board of Directors must periodically check that its members continue to meet these requirements.


In the event of disqualification, death, resignation or revocation, the Board of Directors shall promptly replace the outgoing member.

In order to guarantee full autonomy and independence, the Supervisory Board remains in office for three years, unless Governing Body or the Shareholders’ Meeting decide otherwise.

The members of the Supervisory Board can avail themselves of a “Permanent Invitee” to act as Secretary. The Supervisory Board shall prepare its own set of Regulations, governing its operations and how information flow is managed.

The Supervisory Board must provide information every six months at least, by means of a special report to Company Management.

The Supervisory Board has autonomous powers of initiative, control and expenditure on the basis of an annual budget, proposed by the Board itself and approved by the Board of Directors. It draws up an annual spending plan for the activities to be carried out in the following year, to be submitted to the Board of Directors and the Audit Committee within 90 days of the end of the financial year.

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The Supervisory Board may ask for the funds allocated to be supplemented if they are not sufficient for the effective performance of its duties and, on its own initiative, may extend its spending powers in the event of exceptional or urgent circumstances, which must subsequently be fully reported to the Board of Directors.

11.5 Grounds for ineligibility or disqualification

It is clear that members of the Supervisory Board cannot be assigned operational tasks that could prejudice the equanimity of the overall evaluations made, the following are therefore considered ineligible:

- staff and organisation members;
- Legal officers;
- Administration and management control personnel;
- Members of the workplace safety protection and prevention service;
- The Environment Delegate.


11.6 Revocation

Revocation of membership of the Supervisory Board may only occur in the event of just cause and is made effective through a Board of Directors' resolution, after consultation with the Audit Committee. "Just cause" means serious negligence in the performance of the duties connected with the office, such as:

- failure to draw up half-yearly reports for the Board of Directors on the activities carried out;
- failure to draw up the Supervisory Board's Audit Plan (envisaged by the Supervisory Board itself in compliance with the provisions of this Model)
- failure to verify the disclosure reports submitted by the Addressees concerning the commission or alleged commission of the offences referred to in the Decree, as well as the breaches or alleged breaches of the Code of Ethics, the Model or the procedures established to implement it;
- the assignment of operational functions and responsibilities within the Company that are incompatible with the requirements of autonomy, independence and continuity of the Supervisory Board.

12. The Whistleblowing System

On 29 December 2017, Italian Law n. 179 came into force, which established "*Provisions for the protection of the authors of reports of crimes or wrongdoing of which they have become aware in the context of a public or private employment relationship*", the aim being to encourage the cooperation of workers in facilitating the emergence of illegality in public and private organisations.

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As a consequence, companies with a 231 Model are required to have:


- procedures for filing whistleblower reports;
- procedures for handling these same reports.

The Company has therefore prepared a specific appendix entitled “*Procedure for reporting offences and wrongdoing (so-called ‘Whistleblowing’)*”, which is attached to this Model and forms an integral part of it. In order to ensure responsible management in line with the applicable legal requirements, BRITA ITALIA MANUFACTURING S.R.L has implemented a whistleblowing system designed to protect those who file reports disclosing offences as envisaged within the Decree, or any other form of wrongdoing in the framework of in the implementation of the Organisation and Management Model.

Pursuant to art. 6 para. *2bis* of Legislative Decree 231/01, therefore, the Company:

- has set up specific channels for the purpose of enabling the persons referred to in Article 5, paragraph 1(a) and (b) of Legislative Decree 231/01 to file reports disclosing unlawful conduct relevant for the purpose of the Decree, breaches of the 231 Model and any other crime, breach of political regulations, rules or business procedures of which they have become aware in carrying out their duties, in order to protect the integrity of the Company;
- guarantees that the identity of the person who files the report shall remain confidential, this includes the use of a mailbox that is physically located on the premises;
- establish at least one alternative reporting channel that ensures the identity of the person who files the report remains confidential **using digital technologies**. These channels may include online platforms managed by specialised, independent third parties, as well as the creation of a dedicated e-mail address;
- prohibits any form of retaliation or discrimination, whether direct or indirect, against the whistleblower for reasons linked, directly or indirectly, to the report containing the disclosure;
- protects the whistleblower through *ad hoc* measures.

The Company has also identified an official Recipient for all communications in the framework of whistleblowing, who, together with the Supervisory Board, is responsible any initiatives, including investigations to ascertain the basis on which the report is founded and, where appropriate, establish disciplinary proceedings and the related sanctions to be implemented by the applicable Company department,

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in accordance with the National Collective Bargaining Agreement (metalworking and mechanical engineering industry).

The latest regulations stipulate that whistleblower reports must be detailed and based on precise, consistent factual elements.

This procedure also covers how anonymous reports are handled, as long as the reports are adequately documented and substantiated, including all specific details of the case. This also ensures application of the Italian National Anticorruption Authority “ANAC” guidelines¹⁴.

Whistleblowing procedures must be handled in full compliance with the indications provided in EU Regulation 2016/679 – GDPR.

Each report shall be addressed to the official Recipient and to the Supervisory Board which, after assessing the basis on which the report is founded, forward it to the applicable Company department; the reporting channels provided by BRITA ITALIA MANUFACTURING S.R.L. for the purpose of protecting the person filing the report and the report itself are:


- i. the designated e-mail address (**IT60_odv@brita.net**);
- ii. registered post marked “confidential” addressed to the **Chair of the Supervisory Board**, Matteo Pagani, or by depositing a hard copy in the mailbox that is physically located on the premises;

If the report concerns the Supervisory Board, it shall be marked “confidential” and sent by registered post with a return receipt to Mr Roberto Baratelli, at BRITA ITALIA MANUFACTURING S.R.L. Via Carducci n. 22, 21010 - Arsago Seprio (VA), or to the e-mail address: **rbaratelli@brita.net**.

Moreover, in accordance with paragraph *2ter* of the same article, any discriminatory or retaliatory measures taken against the whistleblower may be reported to the National Labour Inspectorate by the whistleblower or by the trade union to which the whistleblower belongs.

Lastly, pursuant to paragraph *2quater*, the dismissal, change of duties or any other retaliatory or discriminatory measure taken against the whistleblower is null and void.

¹⁴ reference is made to ANAC deliberation n. 6 of 28.4.2015

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In the event of disputes related to disciplinary measures, or to demotion, dismissal, transfer, or subordination of the whistleblower, after the whistleblowing report has been filed, it is the sole responsibility of the employer to demonstrate that these measures have been carried out for reasons unrelated to the whistleblowing report.

12.1 Sanctions associated with whistleblowing procedures

In compliance with the new regulations, this Model establishes a ban on any form of discrimination against whistleblowers, together with a disciplinary system that envisages suitable sanctions for anyone who breaches the measures in place to protect whistleblowers, or who files an unfounded report acting with wilful misconduct or gross negligence, thus reiterating the provisions of article 2, paragraph 2^{quater}, Legislative Decree 231/01 concerning the nullity of retaliatory and discriminatory measures (dismissal, change of duties, etc.). The Organisational Model establishes that whistleblower reports should be addressed to the following offices:

- The Supervisory Board;
- The Compliance Manager;
- The Internal Committees (legal, internal audit, compliance, HR, external body/individual with proven professional expertise, the Employer in SME).


It is understood that the Supervisory Board should always be involved, even when it is not indicated among the recipients of the whistleblower report.

13. The Disciplinary System

13.1 General Principles regulating breaches to the Model and the Code of Ethics

Article 6 (II)(e) of the Decree states that: “... *in relation to the extent of the delegated powers and the risk of offences being committed, the models referred to in paragraph 1(a) must meet, ... **the need to introduce a disciplinary system** able to sanction failure to comply with the measures indicated in the model”.*

The adoption of an ad hoc disciplinary system is an essential requirement in order to make organisational models effective, in the absence of a system of sanctions, the Models may not be considered correctly adopted and therefore valid, as confirmed by settled case-law.

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The main functions, among others, of the disciplinary system are to:

- make the Organisational Model valid and effectively implemented;
- support the “231” Supervisory Board in its monitoring and control activities.

The structure of the disciplinary system should:


- be applied in order to sanction the person in breach of the rules and Protocols of the Model and of the Code of Ethics, regardless of whether the breach is the result of the commission of an offence;
- be drawn up in writing and adequately disseminated as a cornerstone of the Organisational Model and Code of Ethics;
- be compatible with existing regulations and contractual agreements;
- contain appropriate and effective measures.

The disciplinary system must be seen to be preventive as well as punitive, and the severity of the punitive system is regulated by means of grading the sanctions that are applicable withing the disciplinary system in relation to the different degrees of threat that the conduct detected may present with respect to an offence being committed.

In this section and, more generally, in the Organisational Model and in the Code of Ethics, a “disciplinary system” has therefore been created which, first and foremost, penalises all breaches of the Model and of the Code of Ethics itself - reference should be made to the specific section on the Code – grading the breaches from the most to the least serious, observing the principle of proportionality between the “breach detected” and the “penalty imposed”.

The implementation of the disciplinary system and of the relevant sanctions is independent from any criminal proceedings that the judiciary authorities may have initiated, in the event that the conduct to be disciplined also constitutes an offence under Italian Legislative Decree 231/2001.

In concrete terms, the disciplinary system is an integral part of Model BRITA ITALIA MANUFACTURING S.R.L Model and it applies to employees, managers, directors, auditors, consultants and all collaborators who in various capacities provide services for the Company. It envisages appropriate disciplinary measures which comply with the above principles and which may also include fines.

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It should also be noted that the violation of the rules of conduct laid down in the Model by employees of the Company and/or its managers constitutes a breach of obligations under the employment contract, pursuant to Articles 2104 and 2106 of the Italian Civil Code. Specifically:

Art. 2104 – Due diligence of workers:

1. Workers are expected to render diligently the services expected from them according to the nature of such services, the interests of the company and the higher interests of national production.
2. They must also comply with the rules for work execution and discipline as set down by their employers and the superiors to whom they report.


Art. 2106 – Disciplinary measures

1. Failure to comply with the provisions of the two previous articles may give rise to application of disciplinary measures, according to the severity of the breach and in compliance with applicable legislation.

13.2 When the Model and of the Code of Ethics are breached

Some of the types of conduct that could be subject to disciplinary action include, but are not limited to, the following:


- involvement in actions, conduct or omissions which are not compliant with the principles and rules established in the 231 Model, the relative Protocols and the Schedules/Annexes which form part of it, including the Code of Ethics;
- involvement in actions, conduct or omissions which are not compliant with the principles and rules established in the Code of Ethics and in the Schedules/Annexes which form part of it;
- facilitating the preparation of documentation required in the framework of this Model, the Prevention Protocols and the relative implementation procedures, as well as the Code of Ethics, in a way which is incomplete or untruthful;
- assisting third parties in the preparation of documentation required in the framework of this Model, the Prevention Protocols and the relative implementation procedures, as well as the Code of Ethics, in a way which is incomplete or untruthful;
- failing to draw up the documentation required in the framework of this Model, the Prevention Protocols and the relative implementation procedures, as well as the Code of Ethics;
- violating or evading the control system envisaged within the Model or the Code of Ethics, in any

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way such as, for example, removing, destroying or altering documentation relating to the procedure, obstructing control activities, preventing access to information and documentation by those responsible for monitoring procedures and decisions;

- not observing and therefore not complying with the requirement to provide information to the Supervisory Board on issues and topics, which:
 - o exposes the Company to the objective risk that one of the offences described in Italian Legislative Decree 231/2001 may be committed;
 - o unequivocally reveals that one or more of the offences referred to in Italian Legislative Decree 231/2001 has been committed;
 - o Results in sanctions against the Company pursuant to Italian Legislative Decree 231/2001;
 - o violating or evading the control system envisaged within the Model, such as, for example, removing, destroying or altering documentation relating to the procedure, obstructing control activities, preventing access to information and documentation by those responsible for monitoring procedures and decisions;
 - o in the context of whistleblowing:
 - actions or conduct that breach the measures that are in place to protect the so-called whistleblower;
 - carrying out retaliatory or discriminatory acts, directly or indirectly, against the whistleblower for reasons that are directly or indirectly linked to the whistleblowing report;
 - filing a whistleblowing report that proves to be unfounded, acting in bad faith or with gross negligence.

It should also be noted that failure to use the Company’s specific system which incorporates the control measures envisaged in the 231 Model when carrying out the so-called “Susceptible Activities”, as well as any infringement of the principles in the Code of Ethics, constitutes a breach of the Organisational Model. In addition to the conduct summarised herein, it is worth noting that the disciplinary system defines breaches of the principles, conduct and checkpoints contained in the Model and in the Code of Ethics, and

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determines the sanctions envisaged for employees in accordance with current legislation and/or national collective bargaining agreements (CCNL) as set out below. The disciplinary system is binding for all employees and, pursuant to Article 7(I) of Italian Law 300/1970, must be made available to all parties “by displaying it in an accessible place”.

The Human Resources department is responsible for detecting infringements, disciplinary proceedings and applying sanctions. The Company may not act against whistleblowers in any way which is retaliatory or discriminatory, directly or indirectly.

The adoption and actual application of any discriminatory measures against whistleblowers may be reported both to the National Labour Inspectorate, within the scope of its authority, and, by the whistleblower, to the trade union organisation.

Retaliatory and/or discriminatory dismissal of the whistleblower is null and void. Any change of duties, or other retaliatory or discriminatory measures taken against the whistleblower are also null and void. In the event of disputes related to disciplinary measures, or to demotion, dismissal, transfer, or subordination of the whistleblower, after the whistleblowing report has been filed, it is the sole responsibility of the employer to demonstrate that these measures have been carried out for reasons unrelated to the whistleblowing report. Moreover, disciplinary measures are applied regardless of the outcome of any criminal proceedings, since the rules of conduct and internal procedures are binding for the addressees, irrespective of whether an offence has actually been committed as a result of the conduct in question.


13.3 When the Model and of the Code of Ethics are breached – Sanction System

Disciplinary measures are imposed in accordance with the provisions of Article 7 of Law 300/1970 the so-called “Workers’ Statute” as amended, as well as article 54 of the National Collective Bargaining Agreement in question (metalworking and mechanical engineering industry).

A. Workers who are not executive managers


The conduct constituting a breach of the Model and the relative sanctions for this category of workers are set out below:

- 1) a worker who commits a minor failure to comply with the provisions of the internal procedures

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envisaged in the Model or whose conduct is slightly negligent in that it does not comply with the provisions of the Model, or who fails to report or tolerates minor non-compliance with the Model by other workers shall receive a verbal reprimand;

- 2) A worker who commits a non-serious breach of the internal procedures envisaged in the Model (e.g., failure to comply with the established procedures, failure to notify the Supervisory Board as required, failure to carry out checks, etc.), or whose conduct when carrying out activities in susceptible areas does not comply with the requirements of the Model, shall receive a written reprimand. In addition, misconduct that would normally be disciplined verbally also results in a written reprimand when it is considered particularly relevant due the circumstances, the specific consequences or recurrence of the misconduct in question; failure to report or tolerance of non-compliance with the Model by other workers that is not serious;
- 3) any worker who repeatedly breaches the internal procedures envisaged in the Model or whose conduct when carrying out activities in susceptible areas does not comply with the requirements of the Model shall receive a fine not exceeding the equivalent of four hours of normal remuneration;
- 4) any worker who breaches the internal procedures envisaged in the Model or whose conduct when carrying out activities in susceptible areas does not comply with the requirements of the Model shall be suspended from service without pay for a period not exceeding five days when actions are committed that go against the interests of the Company, or in the event of misconduct that would normally be disciplined with a written reprimand but is considered particularly relevant due the circumstances, specific consequences or recurrence of the misconduct in question, as well as in similar cases where the worker has repeatedly committed misconduct that has been punished by written reprimand. The same measure is applied in the event of failure to report or tolerance of irregularities in compliance with the Model by other employees that are serious or which expose the Company to objective danger or to detrimental repercussions;
- 5) any worker who is repeatedly guilty of conduct that does not comply with the requirements of the Model when carrying out activities in susceptible areas, punishable by suspension of up to five days or by a fine, shall be dismissed with due notice;
- 6) any worker who wilfully engages in conduct that does not comply with the requirements of the Model

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when carrying out activities in susceptible areas to such an extent that the misconduct results in the effective application of the measures envisaged under the Decree against the Company shall be dismissed without notice.


The disciplinary procedure which precedes the application of the above measures is established in the applicable company procedure that also regulates disciplinary measures in compliance with national collective bargaining agreement in force. Reference should therefore be made to the detailed rules set out in the aforementioned company procedure, however in general terms it can be specified that:

- a) no disciplinary measure may be taken against the worker without first notifying the worker of the charges which must take place within 20 days from when the person responsible for issuing the notification becomes aware of the event in question;
- b) for all disciplinary measures, the worker shall be notified in writing, providing specific indications of the facts constituting the offence;
- c) the disciplinary measure may not be issued until five days have elapsed from the notification, during which time the worker may present any justifications;
- d) the disciplinary measure shall be issued within 90 days from the notification, even if the worker does not submit any justification; and no account shall be taken of previous disciplinary sanctions if two years have elapsed since they were applied.

B. Workers who are executive managers

The conduct constituting a breach of the Model and the relative sanctions for this category of workers are set out below:

- 1) any manager who fails to observe the internal procedures envisaged in the Model or who engages in conduct that is apparently negligent, in particular insofar as it does not comply with the requirements of the Model, or who fails to report or tolerates non-compliance with the Model by other workers shall receive a written reprimand;
- 2) dismissal pursuant to article 2188 of the Italian Civil Code is the disciplinary measure that awaits any manager who grossly and wilfully breaches the principles of the Model to such an extent that it constitutes a “significant” failure to fulfil the moral obligations expected of a manager, either because of the particular nature of the breach or because of its recurrence. This also applies in the event that the manager’s conduct is negligent and non-compliant with the provisions of the Model and as a result the Company is exposed to objective danger or to detrimental repercussions

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or if the manager fails to report or tolerates non-compliance with the Model, in the event that such omissions or tolerance expose the Company to objective danger or to detrimental repercussions.

- 3) any manager whose conduct breaches an ethical principle to the extent that the Company may be sanctioned pursuant to the Decree shall be liable to dismissal for just cause (Article 2119 of the Italian Civil Code). Any such conduct (whether active or passive) must be so serious that it undermines the trust on which the employment relationship is based, making it impossible to pursue the employment relationship, even on a temporary basis.


C. The Management Committee

In the event of a breach of the Model by one or more members of the Management Committee, the Supervisory Board shall promptly inform the Board of Directors, which shall take appropriate action in accordance with the applicable legislation. The sanctions imposed on the members of the Management Committee shall be proportionate to the seriousness of the offence committed: by way of example, they may decide on a reprimand, revocation (which may be partial) of any delegated powers, reporting the breach to the parent company of the Organisation, removal of the member of the Management Committee, pursuant to Article 2409-novies, paragraph 5 of the Italian Civil Code, or a liability action pursuant to Article 2409-decies of the Italian Civil Code.

D. The Members of the Board of Directors

The conduct constituting a breach of the Model, its Protocols and Annexes, as well as the relative sanctions for this category are set out below:

- 1) a formal written warning in the event of a minor breach of this Model, its Protocols and Annexes, and the Code of Ethics, or if the measures put in place to protect whistleblowers are violated;
- 2) if there is a breach of this Model, its Protocols and Annexes, and the Code of Ethics which is not considered minor, or some measures for the protection of whistleblowers are violated, a fine shall be imposed on the offender that is two to five times the remuneration calculated on a monthly basis, according to the seriousness of the offence;
- 3) if a serious breach of this Model, its Protocols and Annexes, and the Code of Ethics, is committed

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and all measures to protect whistleblowers are violated, the offender shall be subject to revocation, total or in part, of any powers of attorney;

- 4) in the event of a wilful, malicious breach of this Model, its Protocols and Annexes, or when a whistleblower has been illegitimately sanctioned, the Board may resolve to revoke the offender’s mandate, on approval by the Shareholders’ Meeting.

E. Audit Committee

If the breach is committed by the Audit Committee, the Supervisory Board shall immediately inform the Board of Directors by written report.

In accordance with the provisions of the Articles of Association, the Board of Directors may take appropriate action, which includes calling a Shareholders’ Meeting, for example, in order to adopt the most suitable measures envisaged in applicable legislation.

In the event that the breach is serious enough to constitute just cause for the mandate to be revoked, the Board of Directors shall propose the adoption of the measures within the scope of its authority to the Shareholders’ Meeting and shall take the further steps envisaged in applicable legislation.

This is without prejudice to compensation that may be claimed in the event of damage or losses for the Company.

F. Auditing firm

If the breach is committed by an external auditing firm, the Supervisory Board shall immediately inform the Board of Directors by written report.


In accordance with the provisions of the Articles of Association, the Board of Directors may take appropriate action, which includes calling a Shareholders’ Meeting, for example, in order to adopt the most suitable measures envisaged in applicable legislation.

In the event that the breach is serious enough to constitute just cause for the mandate to be revoked, the Board of Directors shall propose the adoption of the measures within the scope of its authority to the Shareholders’ Meeting and shall take the further steps envisaged in applicable legislation.

This is without prejudice to compensation that may be claimed in the event of damage or losses for the Company.

G. Third Party Addressees

Conduct that breaches the provisions of the Model and/or Code of Ethics by Consultants, Contractors or other third parties connected to the Company by means of a contractual relationship that is not a staff

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employment contract, may result in the termination of this contract, in accordance with the specific clauses in the letter of appointment or, in the absence of such contractual clauses, by the disciplinary system implemented by the Company without prejudice to any claims for compensation in the event that the conduct in question causes losses or damage to the Company, regardless of termination of the contractual relationship.

13.4 Sanctions associated with whistleblowing procedures

The sanctions indicated herein and the procedures followed in their implementation must also be applied in the event of failure to comply with the guidelines that govern whistleblowing, within the limits and with reference to the respective categories as established above.

More specifically, disciplinary proceedings shall be started and the relative sanction may be applied whenever:

- the measures in place to protect whistleblowers have been breached,
- a whistleblower report that proves to be unfounded is filed, acting with wilful misconduct or with gross negligence

The Supervisory Board shall immediately inform the Board of Directors, which shall adopt the most appropriate measures envisaged in applicable legislation.

This is without prejudice to compensation for damage or losses claimed by the Company.

14. Communication and training


14.1 Communication

The Company ensures that everyone on the receiving end of the Model 231 programme is full informed and that the Model and the Code of Ethics are properly disseminated.

On approval or amendment, the Model and the Code of Ethics are transmitted to all Company staff by the Area Managers and the Supervisory Board using the most appropriate means of communication, such as an internal memorandum or the intranet.

In consultation with the Supervisory Board, the Area Managers shall establish appropriate procedures to certify that the Model and the Code of Ethics have been received by Company staff.

Newly recruited employees will also receive adequate information on the Model and the Code of Ethics, which will also be dealt with during training activities.

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Third parties to whom the Model and the Code of Ethics apply will receive due communication when they sign their contracts with the Company. All contracts which regulate working relations with external individuals or organisations shall include clear reference to their responsibilities regarding compliance with the Company’s business policies and, specifically with the Code of Ethics and the Model.

14.2 Training

The Company is committed to providing comprehensive training programmes on a regular basis in order to ensure that all employees and members of the Company’s Committees and Boards have full, effective knowledge of the Code of Ethics and the Model, including any updates or amendments that are implemented.


The training programmes cover the Decree and the regulatory framework on which the Code of Ethics and the Model are based. The depth of detail and level of training are modulated in relation to the roles of the Addressees and their degree of involvement in susceptible activities.

Staff training for the purpose of implementing the Model is managed by the Supervisory Board with the support of internal company staff or external consultants where appropriate. The various training courses can be provided by means of:

- face-to-face lectures, in person or through an online platform, with an attendance register, learning tests and a certificate of attendance;
- an online learning management system using a platform with time-blocking of slides (advisable), intermediate tests, a final test summarising the course and monitoring of login/logout of participants.

The Supervisory Board will be able to verify the adequacy of the training programmes, how they are implemented and the results.

Participation in the training programmes detailed in this paragraph is mandatory. Breach of this obligation constitutes a breach of the Model and is subject to the provisions of the disciplinary system.

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15. Safeguards

In order to prevent the offences envisaged in Legislative Decree n. 231/2001 from being committed, a system of safeguards is in place that is designed to accompany compliance with the BRITA ITALIA MANUFACTURING S.R.L Code of Ethics, which is considered a binding, irrevocable principle of the Model, these mechanisms are structured on two levels, in brief:

- a) **Identification of the potential risks**: i.e., analysing the company to identify, even just theoretically, in which areas or sectors of activity adverse events could occur and how; a risk must be understood to be any variable or factor within the company that could negatively impact the achievement of the aims indicated in the 231/01 system.


In concrete terms, the General Control Principles, as indicated, must be implemented in the context of all the Susceptible Activities considered within the Model.

- b) **Designing the system of preventive safeguards** (Protocols for planning the development and implementation of the Company's decisions). This is an assessment of the existing system within the Company for preventing offences and how it can be revised and updated in terms of its effectiveness, i.e., reducing the risks identified to an acceptable level. The Protocol must lead to the reduction of the individual risk, making it acceptable, by acting both on the probability that an event will occur and on the impact of the event itself. The Specific Prevention Protocols, annexed to the Model, must include precise details of the directives to prevent offences from being committed when carrying out Susceptible Activities.

15.1 Identification of the potential risks and the General Control Principles

The identification of the potential risks and the General Control Principles envisaged in the Model are:

- identification of the company's areas and sectors of activity;
- assessment of the internal operating framework (organisational structure, local distribution, size, etc.);
- assessment of the external operating framework (economic sector, geographical area, etc.);
- identification of the single crimes could possibly be associated with the Company's activities;
- introduction of a control system by means of:
 - o assessment by a company committee in collaboration with line management;

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- self-assessment by operations management;
- creating an inventory of the areas of company activity by means of:
 - periodic review of the company as a whole
 - regulation of relations with public sector bodies;
 - prequalification of suppliers in order to exclude infiltration by organised crime groups (*White list*);
- analysis of potential risks;
- evaluation and adaptation of the system of preventive safeguards.

To summarise, the three levels of control required are:

- **First level of control** (controls inherent in the operational processes) to be carried out by internal staff, by means of self-monitoring, with particular attention to workplace health and safety procedures under the supervision of the workers assigned these responsibilities in accordance with Italian Legislative Decree 81/08 (the Prevention and Protection Service);
- **Second level of control** (controls carried out by company technicians) aimed at monitoring the risk management and control process linked to system operations;
- **Third level of control** (for more highly-structured, medium to large companies) aimed at assessing how well the overall control system works, together with plans for improvement that are defined in consultation with company Management.


These principles are applied in the context of the Model by means of Specific Prevention Protocols, structured as follows:

- **Regulation**: the presence of company directives that envisage principles of conduct, operating procedures for carrying out susceptible activities and procedures for filing relevant documentation, as every operation, transaction and action must be verifiable, documented, coherent and appropriate.
- **Traceability**:
 - every operation relating to susceptible activities must be adequately formalised and documented as far as possible;
 - it must be possible to carry out ex-post checks on the decision-making, authorisation and performance processes regarding susceptible activities, this may involve appropriate documentary support; moreover, cases in which these records may be deleted or destroyed and

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how this is carried out must also be regulated in detail, clearly identifying those involved. The confidentiality of information must be observed in all cases pursuant to applicable legislation.

- Hierarchical Structure: the company organisational charts for workplace safety (d.lgs.81/08) the environment (d.lgs.152/06) and privacy (GDPR), which highlight how the company is structured, identifying the duties and responsibilities that are established for each functional role including the process orders and job description;
- Power of attorney and delegation – signature authorisation and delegation of duties must be:
 - o consistent with the organisational and management responsibilities assigned to the person, and should include, where applicable, an indication of approved expenditure thresholds;
 - o clearly defined and appropriately communicated both within the Company and externally. Those to whom powers of expenditure have been assigned need to be specified together with their roles, defining the scope of their authority and the expenses they can commit the Company to, as well as any limits. All appointments must comply with any applicable legal requirements (e.g., workplace health and safety), as well as professional expertise and explicit acceptance.
- Segregation of Duties: each critical function, i.e., authorisation, execution and control, within key business processes is shared so that no single individual can manage an entire process independently. Segregation of Duties is guaranteed by ensuring that several workers are assigned a role within the same company process, so that all processes are implemented impartially, in addition, both manual and automated (IT-based) procedures are in place, meaning that certain operations can only be carried out by authorised and duly identified persons. Moreover, the duties, responsibilities, powers and limits attributed to each role are clearly defined, with particular reference to those who act in the name and on behalf of the Company.
- Approval and Signature: powers assigned to individuals who are clearly identified, coherently with organisational and management requirements. The roles within the company that may be given responsibility for managing activities which carry the risk of an offence being committed must be clearly and unequivocally defined in advance, consideration must also be given to enforceability against third parties. Delegating authority, on the other hand, ensures more effective fulfilment of legal obligations, the scope and limits of decision-making and spending powers must be indicated. This system needs to be updated periodically.
- Monitoring activities: the aim being to ensure regular, appropriate updating of powers of attorney,

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delegation of duties and the control system, in line with the decision-making system and the overall organisational framework. Monitoring is the responsibility of the Board of Directors where powers of attorney and the delegation of duties are concerned. The protocol also envisages controls carried out by Area Managers or by a higher-level third-party supervisory body.

- Communication and training for staff: all Company employees must be made aware not only of the existence of the Organisational Model and the Code of Ethics, but also of other structures and systems, such as who has the power to grant authorisation, reporting lines in the hierarchical structure, procedures, information flows and everything that contributes to transparency in daily operations.


An adequate training programme must also be developed for staff who work in areas susceptible to risk, illustrating the reasoning underlying the rules, demonstrating that they are appropriate and advisable as well as being legal requirements, together with their scope in practical terms. Training needs to be modular so it can be adapted to the role and level of the Addressees. Communication must be extensive, effective, convincing, clear and detailed, it should also be repeated periodically. Training and communication are overseen by the Supervisory Board.

When events occur that are urgent and essential, making it temporarily impossible to comply with the protocols envisaged in the Special Section, the person who takes decisions and implements them shall assume all relative responsibilities. The Supervisory Board is promptly notified, which informs the relevant company department called on to grant approval.

15.2 Preliminary Checks on Contractual Partners

As a further measure to prevent the offences envisaged in the Decree from being committed, the Company considers it appropriate to carry out the following checks or steps (hereinafter referred to as the “Preliminary Checks”), as applicable and in accordance with the Confindustria Guidelines (General Confederation of Italian Industry), with regard to its contractual partners, which may be suppliers, consultants, clients or whatever relation their activities have to Company operations:

- commercial and professional reliability of suppliers and business or financial partners, judged on the basis of the contractual and payment terms applied, on any damaging information that is publicly available - such as complaints, bankruptcy proceedings, etc. - as well as on the involvement of politically exposed persons within the meaning provided in Legislative Decree n. 231/2007:

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natural persons resident in other EU countries or in non-EU countries who hold or have held important public office, as well as their immediate family members or those with whom such persons are known to have close ties”;

- adoption of an Organisation, Management and Control Model, or the equivalent for foreign organisations: during the selection process, where all other conditions are equal, priority is given to potential partners who have an organisation, management and control Model;
- checking regularity of payments, referring to the correlation between the recipients and originators of payments and the parties actually involved in the transactions;
- formal and substantive controls of company financial flows. In particular, checks must take into account the registered office of the contractual partner, in the light of lists of countries at risk of terrorism or off-shore centres, the credit institutions used and any corporate shields or trust structures used for non-routine transactions and operations;
- compliance with thresholds for cash payments, as well as the use of bearer or anonymous passbooks to manage cash;
- precautions in the case of fractioned payments;
- periodic training for staff considered to be at risk of being involved, albeit unwittingly or occasionally, in money laundering or terrorist activities;
- proper implementation of environmental protection procedures;
- compliance with applicable labour legislation, with particular attention to child labour and workplace health and safety regulations.


16. Groups of companies

16.1 Crimes committed by companies that are part of a group

In the absence of general legislation which expressly governs groups of companies (understood as a group of entities having separate, individual legal personalities), there are indications relevant to companies which are organised in the form of a group, such as

- control and affiliation (Article 2359 of the Italian Civil Code)
- direction and coordination (Article 2497 of the Italian Civil Code).

Legislative Decree 231/01 does not contemplate direct liability for the group, **it is the entities within the**

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group of companies which are liable, and the parent company in particular. In order for this liability to be deemed to subsist, it must be adequately identified and justified in legal proceedings.

In order for another company in the group to be held liable for an offence, it is necessary that the offence committed in the subsidiary has given rise to a **specific, concrete benefit** (not necessarily of a financial nature) **for the parent company or to another company in the group**.

Essentially, the parent company (or holding) may be held liable for the offence committed in the subsidiary company when:

- the interest or advantage, which is immediate and direct, can be detected in the parent company as well as in the subsidiary;
- there has been participation in terms of complicity in the commission of the offence by persons with a functional connection to the parent company, for example, by means of programming guidelines laid down by the senior management which are deemed to be criminally unlawful or of overlap between the senior management of the parent company (or holding) and that of the subsidiary.


16.2 How the Model works in the context of groups

Each company in the group is required to carry out an independent assessment of risks and establish a risk-management framework, as well as to draw up and implement its own Model and appoint its own Supervisory Board (with independent powers to take initiatives and carry out controls), however, it is also envisaged that such activities may result from indications and guidelines for implementation that are dictated by the parent company (or holding), depending on the organisational structure of the group.


Therefore, it is not a question of restricting or interfering excessively in the autonomy of each individual company, rather a question of planning at a higher level for the group, in order to link organisational efforts so as to counter corporate crime in the most appropriate way.

To achieve this, the parent company may:

- indicate a framework for the code of conduct;
- indicate common principles in the disciplinary system;
- indicate common principles for the implementation protocols;
- draw up a group code of ethics (which each company will then have to adapt to its own circumstances and calibrate according to the actual exposure to the risk of offences being committed).

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On the other hand, subsidiaries - which do not always have in-house experts with specific interdisciplinary

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skills - could make use of the parent company's support in terms of advice to facilitate the adoption, implementation and monitoring of their own Model, by way of example, they may request:

- un support for the assessment of activities/processes at risk;
- professional input on the measures that could be implemented in view of the risk areas identified;
- help in updating the Model to ensure compliance with recent changes to the law that impact the group specifically with respect to the general indications.


The Internal Audit Officer or Committee, which is normally present in the parent company, could provide the above-mentioned support, fostering an approach within the subsidiaries that is consistent with the guidelines of the parent company, while respecting each organisation's autonomy in terms of decision-making.

16.2.1 The Parent Company's Model

The parent company's model should take any integrated processes involving several group companies into due account, defining centralised procedures and harmonised protocols, particularly for activities that flow into a single outcome.

These are some areas in which the contribution of the parent company can prove constructive:

- Cash Pooling - centralising the management of financial resources in a single treasury in order to optimise relations between companies in the group and credit institutions;
- facilitating activities and/or processes that are outsourced to certain group companies (focusing on contractual relations, intercompany invoicing, transfer pricing mechanisms, etc.);
- providing forms of independent certification of control processes (design and operations) regarding areas of common interest, such as administration, human resource management, IT services, etc.;
- encouraging harmonised rules on handling aspects such as fairness and transparency in relations with subsidiaries, this may involve activating specific channels for information on the implementation of the Model 231 programme (amendments to the legislation, organisational changes within the group, sanctions applied to certain group companies, etc.).

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It is also advisable to establish channels to ensure that information flows between the Supervisory Boards of the companies in the group. These channels need to be regulated and managed, the aim being to stimulate monitoring and control activities within the group with particular attention being given to the sectors that are deemed to be most at risk.

The channels established for exchanges of information between the Supervisory Boards of the companies (and to the Supervisory Board of the parent company) may include communications regarding:

- reports of planned and completed activities;
- the initiatives taken and the measures implemented;
- the critical issues and weaknesses detected.

Additionally, the exchange of information between the Supervisory Bodies may include planning joint meetings, which would also foster the formulation of common guidelines on the supervisory activities to be carried out, as well as the possible creation of an information system to bring together all the documentation that is of common interest and the Models adopted by the single companies.

16.2.2 Transnational Groups

The transnational dimension in which groups of companies may operate increases their vulnerability and the risks that certain offences may be committed, in particular financial crimes, which must be taken into due consideration in the Models adopted by the companies belonging to the group.

Possible measures that this kind of group may apply include:

- adopting codes of conduct that take into account the transnational nature of the business activities;
- training for senior management and their subordinates on the legislation in force in the other countries in which they establish relations;
- preparing protocols that take the critical issues and vulnerabilities into due account, with particular reference to financial and economic aspects;
- defining compliance programmes that ensure the different applicable regulations are observed;
- implementing minimum control principles by adopting *ad hoc* policies.