
 BRITA	ORGANIZATION, MANAGEMENT AND CONTROL MODEL UNDER LEGISLATIVE DECREE NO. 231/2001	BRITA ITALIA MANUFACTURING S.R.L.	
		Rev. 02	06/03/2024

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

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DESCRIPTION	DATA	EDITOR'S REPORT	CHECK
MOG Drafting	02/03/2018	External Consultant	BOD
MOGC update - new offenses and new Confindustria Guidelines	08/09/2021	External Consultant	BOD
MOGC Update	06/03//2024	Internal on indication of SB	BOD

DEFINITIONS


1. **Sensitive activities:** company activities within the scope of which there could be a risk of one of the crimes referred to in dlgs 231/01 being committed;
2. **Board:** Board of Directors;
3. **BRITA ITALY MANUFACTURING S.R.L.:** Company or Entity;
4. **Parent Company:** the *holding* company of reference for several subsidiaries and affiliates or subject to its management and coordination;
5. **Code of Ethics:** an official document setting out the set of social ethical principles established by the Entity and to be observed by those working within the organization of the enterprise;

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6. **Decree:** the Legislative Decree No. 231 of June 8, 2001, as amended;
7. **Recipients:** apical subjects, subordinate subjects, and all subjects who are functionally connected to BRITA ITALIA MANUFACTURING S.R.L. and to whom the provisions of this Organization, Management and Control Model are addressed;
8. **Risk management:** a maieutic process that the Entity activates internally in the most appropriate manner having in mind its internal (organizational structure, size, etc.) and external (economic sector, geographic area, etc.) operating context;
9. **Business groups:** complex of companies subject to specific regulatory indices such as control and connection (Art. 2359 Civil Code) and/or management and coordination (Art. 2497 Civil Code);
10. **Guidelines:** Confindustria Guidelines in the latest updated version (June 2021);
11. **Model - MOGC231 - MOD231:** this Organization, Management and Control Model (General Part and Special Part).
12. **Organizational Chart:** graphical representation of the organizational structure of the Entity with a n indication of the Business Units and the functions that comprise them and how they are related to each other. Within the Organizational Chart are identified:
 - a. **Area manager:** top individuals and heads of organizational units, i.e. of;
 - b. **Process manager:** within each Area, this is the person responsible for the individual decision-making process, i.e., that person to whom the Area Manager decides to entrust the management and responsibility for a process and who is therefore identified, based on a specific concrete activity, within each Area;
 - c. **UO - Operational Unit:** corporate resources responsible for the supervision of a set of an activity, homogeneous in content and skills necessary for their execution, dependent on a Head of Function or Process Manager, which are identified as:
13. **Supervisory Board (SB):** a body provided for by Legislative Decree No. 231/2001, with the function of supervising the operation of and compliance with the Model and its updating;
14. **Prevention protocols:** protocols aimed at planning the formation and implementation of the Entity's decisions within the scope of sensitive activities in order to prevent the predicate offenses (**Appendix No. 1**);
15. **Predicate offenses:** the specific offenses identified by the Decree from which the administrative liability of the Entity may derive, as well as, insofar as they are comparable, the specific administrative offenses in relation to which the application of the rules contained in the same Decree is envisaged.
16. **Retaliation:** direct or indirect acts of retaliation or discrimination against a person who reports a wrongdoing or irregularity committed in the workplace for reasons related, directly or indirectly, to that report;
17. **Whistleblower:** apical or subordinate individuals who, having witnessed a wrongdoing or irregularity in the workplace, decide to report it;
18. **Reported person:** a person to whom the reporter attributes the commission of the wrongdoing/irregularity that is the subject of the report;
19. **Report:** a communication from the reporter, submitted to protect the integrity of the Entity, concerning circumstantiated information related to:
 - Illegal conduct relevant under Legislative Decree No. 231/2001,
 - violations of the Organization and Management Model or the Entity's Code of Ethics,
 - Any other violation of laws, regulations, policies, rules or company procedures,
based on precise and concordant factual evidence of which he became aware by reason of his duties;
20. **Anonymous report:** any report in which the identity of the reporter is not made explicit, nor is it traceable;
21. **Reporting in bad faith:** reporting made for the sole purpose of harming or, in any case, prejudicing a recipient of t h e Model or Code of Ethics;
22. **Reporting (Channels):** appropriate channels to ensure, including computer-based methods, the confidentiality of the reporter's identity.
23. **Reporting (Recipient):** an individual or body of the Entity that receives reports and is responsible for analyzing and verifying them;
24. **Disciplinary system:** system of sanctions, with preventive function, to safeguard any violations of the rules of the Code of Ethics, the Model and the protocols contained therein;
25. **Senior Persons:** persons who hold representative, administrative or management positions in the Company or in a unit of the Company with financial and functional autonomy, or who exercise, including de facto, management and control of the Company;
26. **Subordinates:** persons subject to the direction or supervision of one of the Senior Persons, whether they are personnel in any capacity subordinate or external collaborators or consultants, even if only occasional, although in the absence of subordinate relationships;
27. **Whistleblowing:** reporting, by senior persons, subordinates under the management of others and other recipients of the Organization Model, of illegal conduct, relevant under this Decree, of which the aforementioned persons have become aware in the performance of their work activities within the company itself or under other circumstances.

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PART GENERAL

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SECTION I: THE FRAMEWORK REGULATORY FRAMEWORK

1. Introduction

Legislative Decree No. 231/2001 (hereinafter also referred to as the "Decree"), setting forth the "*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 September 29, 2000,*" introduces and regulates in our system the liability of Entities for administrative offenses dependent on crime.

The Entities to which the Decree applies are:

1. Entities provided with legal personality;
2. Companies and associations, including those without legal personality;
3. Public Economic Entities;
4. Private entities that are concessionaires of a public service;
5. Subsidiaries of Public Administrations.

On the other hand, the Decree does not apply to the state, territorial public bodies, noneconomic public bodies and bodies that perform functions of constitutional importance (e.g., political parties and trade unions).

On the basis of this legislation, the Entity is liable for the commission or attempted commission of certain offenses, expressly provided for in the Decree, by persons functionally related to them, so-called "apical" or "subordinate" persons, such as employees or collaborators.

More specifically, the Entity's liability can exist, only, in relation to the predicate offense committed by one of the following qualified individuals:

- persons who hold positions of representation, administration or management of the Entity or one of its organizational units with financial and functional autonomy and who carry out, even de facto, the management and control of the Entity. These are individuals who, in view of the functions they perform, are referred to as "top management."
- persons subject to the direction or supervision of the top individuals.

However, the Entity may go free from such liability if:

- has adopted and effectively implemented an Organization, Management and Control Model (hereinafter also referred to as the "Model") suitable for preventing the types of offenses set forth in the Decree;
- a Supervisory Board (hereinafter also referred to as the "SB") has been established for the purpose of supervising the operation of and compliance with the Model and taking care of its updating;
- Has prepared and made effective, with proper dissemination, the Code of Ethics.

The exemptions of responsibility defined in the regulations include periodic verification and updating of the Model against:

- Changes that affected the organizational structure of the Entity;
- changes that affected the activity carried out by the Entity and/or the products offered by it to its customers;
- Establishment of any violations of the organizational rules set forth in the Model.

Moreover, this update is also necessary in relation to legislative developments (extension of crimes) and new case law on the subject.

Failure to comply with the regulations contained in the Decree can result in penalties for the Entity that can also greatly affect the conduct of its business. The Entity's liability does not replace but is in addition to the personal liability of the individual who committed the offense. It is an autonomous liability of the Entity, which is liable even in cases where the perpetrator of the criminal conduct has not been identified, cannot be charged, or the crime has been extinguished for reasons other than amnesty. A national registry shall be established in which final court orders concerning the application and enforcement of administrative penalties dependent on crime as well as those through which an administrative offense dependent on crime is contested or deciding on the contestation shall be entered by excerpt. Anybody having jurisdiction over the administrative offense dependent on crime, all public administrations, Entities entrusted with public services, when necessary to provide for an act of their functions, and the public prosecutor's office, for reasons of justice, shall have the right to obtain a certificate of all existing entries in the registry against the Entity.

2. The crimes presupposed


The Entity can be held liable only in relation to certain crimes (so-called predicate offenses), identified by the Decree

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and in subsequent additions, as well as by the laws that expressly and exhaustively refer to the regulations of the Decree, which entered into force before the commission of the act.

The predicate offenses to which the Decree refers are those provided for in Sec. III of Chapter I of Legislative Decree No. 231/2001 (Art. 24 et seq.), which can be included in the following categories for ease of exposition:

- ❖ **crimes committed in relations with the Public Administration**, Articles 24 (Undue receipt of disbursements, fraud to the detriment of the State, a public body or the European Union or for the purpose of obtaining public disbursements, computer fraud to the detriment of the State or a public body and fraud in public supplies) and 25 (Embezzlement, extortion, undue inducement to give or promise benefits, bribery and abuse of office) of Legislative Decree No. 231/2001;
- ❖ **Computer crimes and unlawful data processing**, introduced by Article 7 of Law No. 48 of March 18, 2008, which inserted Article *24bis* into Legislative Decree No. 231/2001;
- ❖ **organized crime offenses**, introduced by Article 2, paragraph 29, of Law No. 94 of July 15, 2009, which inserted Article *24ter* into Legislative Decree No. 231/2001;
- ❖ **Crimes in the area of counterfeiting money, public credit cards, revenue stamps and identification instruments or signs**, introduced by Article 6 of Law No. 409 of November 23, 2001, which inserted Article *25-bis* into Legislative Decree No. 231/2001, as amended by Article 15, paragraph 7, letter a), of Law No. 99 of July 23, 2009;
- ❖ **Crimes against industry and trade**, introduced by Article 15, paragraph 7, letter b), of Law No. 99 of July 23, 2009, which inserted Article *25bis.1* into Legislative Decree No. 231/2001;
- ❖ **Corporate crimes**, introduced by Legislative Decree No. 61 of April 11, 2002, which inserted Article *25ter* into Legislative Decree No. 231/2001, amended by Law No. 190 of November 6, 2012, and subsequently by Legislative Decree No. 38 of March 15, 2017;
- ❖ **Crimes for the purpose of terrorism or subversion of the democratic order**, introduced by Law No. 7 of January 14, 2003, which inserted Article *25quater* into Legislative Decree No. 231/2001;
- ❖ **crimes of female genital mutilation practices**, introduced by Law No. 7 of January 9, 2006, which inserted Article *25quater.1* into Legislative Decree No. 231/2001;
- ❖ **Crimes against individual personality**, introduced by Law No. 228 of August 11, 2003, which inserted Article *25quinquies* into Legislative Decree No. 231/2001, subsequently amended by Article 10 of Law No. 38 of February 6, 2006, and by Law No. 199/2016;
- ❖ **Crimes involving non-cash payment instruments**, added by Legislative Decree 184/2021, which inserted Article *25octies.1* into Legislative Decree No. 231/2001;
- ❖ **Crimes of insider trading and market manipulation**, provided for in Law No. April 18, 2005. 62, which inserted Article *25sexies* into Legislative Decree No. 231/2001;
- ❖ **Crimes of culpable homicide and grievous or very grievous bodily harm**, committed in violation of accident-prevention and worker health and safety regulations, introduced by Law No. 123 of August 3, 2007, which inserted Article *25septies* into Legislative Decree No. 231/2001, as amended by Article 300 of Legislative Decree No. 81 of April 9, 2008;
- ❖ **Crimes of receiving stolen goods, money laundering, use of money, goods or utilities of illicit origin, and self-laundering**, introduced by Legislative Decree No. 231 of November 21, 2007, which inserted into Legislative Decree No. 231/2001 Article *25octies*, later amended by Law No. 186/2014 and most recently replaced by Article 72, paragraph 3, of Legislative Decree No. 231 of November 21, 2007, as amended by Article 5, paragraph 1, of Legislative Decree No. 90 of May 25, 2017;
- ❖ **Copyright infringement crimes**, introduced by Article 15, paragraph 7, letter c), of Law No. 99 of July 23, 2009, which inserted Article *25novies* into Legislative Decree No. 231/2001;
- ❖ **Crime of inducement not to make statements or to make false statements to the judicial authorities**, introduced by Article 4 of Law No. 116 of August 3, 2009, as replaced by Article 2, co. 1, Legislative Decree No. 121 of July 7, 2011, which inserted Article *25decies* into Legislative Decree No. 231/2001;
- ❖ **Environmental crimes**, introduced by art. 4, co. 2, Law no. 116 of August 3, 2009, as replaced by art. 2, co. 1, Legislative Decree no. 121 of July 7, 2011, which inserted art. *25undecies* into Legislative Decree no. 231/2001, subsequently updated by Law 68/2015 and amended by Legislative Decree 21/2018;
- ❖ **crime of employment of third-country nationals whose stay is irregular**, introduced by Article 2 of Legislative Decree No. 109 of July 16, 2012, which inserted Article *25duodecies* into Legislative Decree No. 231/2001, as amended by Law 161/2017;

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- ❖ **offenses related to racism and xenophobia**, introduced by Law No. 167 of Nov. 20, 2017, which inserted into Legislative Decree No. 231/2001 Article *25terdecies*, later amended by Legislative Decree 21/2018;
- ❖ **offenses related to fraud in sports competitions, abusive gaming or betting and gambling exercised by means of prohibited devices**, introduced by Law No. 39 of May 3, 2019, which inserted Article *25quartedecies* into Legislative Decree No. 231/01.
- ❖ **tax crimes**, introduced by Decree-Law No. 124 of Oct. 26, 2019, converted by L. 157/2019, which inserted into Leg.

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No. 231/01 Article 25 *quinquiesdecies*, later amended by Legislative Decree 75/2020.

- ❖ **Smuggling crimes**, introduced by Legislative Decree 75/2020, which inserted Article 25 *sexiesdecies* into Legislative Decree 231/01.
- ❖ **crimes against cultural heritage**, following the approval of DDL Dec. 14, 2021, No. 882, the text of which provided for the inclusion of the incriminating cases set forth in the Cultural Heritage Code (Legislative Decree 42/2004) in the Criminal Code. In particular, two new articles were provided for in the catalog of Legislative Decree 231/01: Art. 25 *septiesdecies* rubricated "Crimes against cultural heritage," which provides for pecuniary and interdutory penalties for the crimes of alienation, embezzlement, unlawful import, exit or export, destruction, dispersal, deterioration, defacement, defacement and unlawful use of cultural or landscape heritage, counterfeiting of works of art, theft, receiving of cultural property and forgery in private writing relating to cultural property; art. 25 *duodevices* headed "Laundering of cultural property and devastation and looting of cultural and scenic property," which broadens the liability of the legal person to the crimes of laundering cultural property and devastation and looting of cultural and scenic property;

Law No. 146 of March 16, 2006, ratifying and executing the United Nations Convention and Protocols against Transnational Organized Crime, introduced certain offenses having relevance under the Decree if they are carried out by an Organized Criminal Group and have the character of *transnationality*, by which is meant the need for them to be committed:

1. In more than one state;
2. in one state provided, however, that a substantial part of their preparation, planning, direction or control took place in another state;
3. in one state but an organized criminal group engaged in criminal activities in more than one state must be implicated in them;
4. in one state but with substantial effect in another state.

3. *Criteria for imputation of liability to the Entity*

The commission of one of the predicate offenses is only one of the conditions for the applicability of the regulations dictated by the Decree.

There are, in fact, additional conditions that pertain to the manner in which the offense offence is imputed to the Entity and which, depending on their nature, can be divided into imputation criteria of an objective nature and of a subjective nature.

Objective criteria require that crimes have been committed:

1. **By a person functionally related to the Entity;**
2. **In the interest or benefit of the Entity.**


As for the first profile, the perpetrators, according to the Decree, can be:

- a) persons with functions of administration, management and direction of the Entity or one of its organizational units with financial and functional autonomy, as well as those who exercise, even only de facto, the management and control of the Entity (so-called **persons in top positions**), and therefore, persons who hold functions of representation, administration or direction of the Entity or one of its organizational units with financial and functional autonomy and who carry out, even de facto, the management and control of the Entity itself. These are individuals who, in view of the functions they perform, are referred to as "top management." In particular, the category of apical subjects (a) can be made to include directors, general managers, legal representatives, but also, for example, directors and area managers. All persons delegated by the directors to carry out management or direction activities of the Company should be considered as apical persons;
- b) Subjects subject to the direction and control by the top management (so-called **subordinates**). To the category of subordinates belong all those who are subject to the direction and supervision of the top persons and who, in essence, execute the decisions taken by the top management. All employees of the Entity, as well as all those who act in the name of, on behalf of or in the interest of the Entity, such as, by way of example, collaborators and consultants, as well as process managers, can be brought under this category.

If more than one person concurs in the commission of the predicate offense, however, it is sufficient if the apical or subordinate person makes a knowing contribution to its commission, although not personally committing the typical action.

With regard, on the other hand, to the second profile provided for by the Decree, in order for the Entity's liability to emerge, it is necessary that the act of crime has been committed in the interest or to the advantage of the Entity itself, by which is meant both the cases in which the Entity has gained a positive result from the conduct and those in which this purpose, although pursued, has not been achieved by the perpetrator.

About the concept of interest, it must exist if the qualified party has acted, fraudulently,

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for its own benefit or that of third parties and the enterprise even if this, for the Entity, is partial or marginal¹. So, the concept of interest takes on a subjective nature referring to the volitional sphere of the natural person acting and evaluating his or her behavior at the time of the conduct. Interest, of late, must also be read objectively by valuing the finalistic component of conduct².

With reference to advantage, it is noted that it should be characterized as a complex of benefits-primarily of a pecuniary nature-from the crime. Advantage, as opposed to interest, can be assessed *ex post* to the commission of the fraudulent conduct³. The "patrimonial" benefit can⁴ also be understood in terms of savings of expenses. In culpable offenses, including occupational safety (Art. 25 septies) and environment (Art. 25 undecies), the interest and advantage must, predominantly, refer to the conduct in disregard of precautionary rules⁵.

In any case, the Entity is **not liable** if the offense was committed in the exclusive interest of the perpetrator or a third party. Subjective imputation criteria pertain to the profile of the Entity's culpability. The Entity's liability exists if proper *standards* of sound management and control pertaining to its organization and the performance of its activities have not been adopted or complied with. The Entity's culpability, and thus the possibility of imposing a reprimand on it, depends on the establishment of an incorrect business policy or structural *deficits* in the company's organization that did not prevent the commission of one of the predicate offenses.

The Decree, however, excludes the Entity's liability if, prior to the commission of the crime, it has equipped itself with and effectively implemented an Organization, Management and Control Model suitable for preventing the commission of crimes of the kind that were committed.

Thus, the (restorative) Model operates as an exemption in case of the commission of predicate offenses.

If the predicate offense was committed by a top person, the Decree introduces a kind of presumption of liability for the Entity, which is held liable unless it proves that:

- the management body has adopted and effectively implemented, prior to the commission of the act, a Model suitable to prevent crimes of the kind that occurred;
- the task of supervising the operation of and compliance with the Model and ensuring its updating has been entrusted to a body of the Entity with autonomous powers of initiative and control (SB);
- persons have committed the crime by fraudulently circumventing the Model;
- there has been no omission or insufficient supervision by the SB.

For crimes committed by subordinates, the Entity is liable, on the other hand, only if it is proven that "*the commission of the crime was made possible by the failure to comply with management or supervisory obligations*" that typically fall on top management. Again, in any case, this prerequisite does not apply if the Entity has adopted and effectively implemented the Model, prior to the commission of the crime, in that sense excluding the failure to comply with management or supervisory obligations.

In light of the above, the adoption and effective implementation of the Model, while not a legal obligation, represent the only means available to the Entity to prove its extraneousness to the facts of crime and, ultimately, to go exempt from the liability established by the Decree.

4. The territorial boundary of application of 231/01 crime liability (crimes committed abroad)

Article 4 of Decree 231/01 regulates offenses committed abroad, providing that Entities having their headquarters on Italian territory are also liable in relation to predicate offenses committed abroad, in the cases and under the conditions set forth in Articles 7 and 10 of the Criminal Code, provided that the State in which the act was committed does not prosecute them.

So, the Entity is actionable when:


- in Italy has its head office, i.e., the actual place where administrative and management activities are carried out, or the place where the activity is carried out on a continuous basis (Entities without legal personality);
- against the Entity is not proceeding the State in which the act was committed;
- the request of the Minister of Justice. Where the regulations provide that the perpetrator is punished at the request of the Minister of Justice, proceedings are brought against the Entity only if the request is also made against the latter.

¹ cf. Cass. Pen. Sec. V, no. 40380/2012.


² see Cass Pen., Sec. II, no. 295/2018 and Cass Pen., Sec. IV, no. 3731/2020.

³ cf. Cass. Pen. Sec. II, no. 295/2018.

⁴ see Cass. Pen. sec. IV, no. 3731/2020; Cass. Pen. sec. IV, no. 31210/2016.

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⁵ cf. Cass. Pen. Sec. IV, no. 16713/2018; Cass. Pen. Sec. IV, no. 3731/2020; Cass. Pen. Sec. IV, no. 48779/2019;

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5. *The Model of organization, management and control*

The Model operates as an exemption from the Entity's liability only if it is suitable with respect to the prevention of the predicate offenses and only if it is effectively implemented.

Despite the fundamental importance attributed to the Model in any criminal proceedings involving the Entity, the Decree, however, does not analytically indicate the characteristics and contents that the Model itself must have, but merely dictates some general principles.

Therefore, Confindustria - with the June 2021 Guidelines - aims to offer companies that have chosen to adopt an Organizational Model a series of indications and measures, drawn from company practice, considered in the abstract suitable for meeting the requirements outlined in Decree 231/01. The Guidelines aim, therefore, to guide companies in the implementation of Organizational Models that do not represent a mere bureaucratic fulfillment but are specifically adherent to the characteristics of the Entity and its organization and the measures adopted, also reflected in the Protocols drawn up.

In particular, the Model must:

- Identify the activities within the scope of which crimes may be committed (so-called sensitive activities); provide specific protocols aimed at planning the formation and implementation of the Entity's decisions, in relation to the crimes to be prevented, identifying the risk coefficient, including potential risk, and designing a control system taking into account the probability of occurrence of the event and the impact of the event itself;
- identify ways to mitigate the risk of crime through the drafting of the aforementioned Protocols as well as Appendices or operating procedures. These include, but are not limited to, the Anti-Corruption Appendix, the Tax Risk Management Appendix (including through the identification of the figure of the TCF - Tax Control Framework), etc;
- Provide for information obligations to the body responsible for supervising the operation of and compliance with the models;
- Introduce an articulated disciplinary system suitable for punishing non-compliance with the measures outlined in the Model.

With reference to the effective implementation of the Model, the Decree also provides for the need for periodic verification and amendment of the same if significant violations of the requirements are discovered or if changes occur in the organization or activity of the Entity.

6. *The crime attempted*

The Entity's administrative liability also arises in the event that one of the predicate offenses (i.e., crimes) provided for in the Decree is committed in the attempted form, pursuant to Article 56 of the Criminal Code.

The Entity, however, is not liable when it willfully prevents the performance of the action or the realization of the event. In cases of attempted crime, the pecuniary and disqualification penalties imposed on the Entity will be reduced by one-third to one-half.

7. *The penalties*

The penalty apparatus for administrative offenses dependent on crime provides:

- **financial penalties,**
- **Disqualifying sanctions;**
- **Incidental penalties:**
 - o confiscation;
 - o Publication of the judgment.

These penalties are administrative in nature, even though they are enforced by a criminal court.

Administrative sanctions against the Entity shall be prescribed within five years from the date of consummation of the offense.


The statute of limitations is interrupted in the case of:

- Request for the application of interditory precautionary measures;
- contestation of the administrative offense;

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

If the interruption occurred through the arraignment of the administrative offense dependent on a crime, the statute of limitations does not run until the time when the judgment defining the case becomes final.

The prescriptive time limits for the administrative offense of the Entity and the offense of the individual, therefore, do not necessarily coincide.

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7.1. *The penalties pecuniary*

If the Entity is convicted, a fine is always imposed.

The pecuniary penalty is determined by the court through a system based on quotas, varying in value according to parameters predetermined by the Decree. The amount of a quota ranges from a minimum of 258 euros to a maximum of 1,549 euros.

In determining the size of the individual fee, the court shall take into account the economic and asset conditions of the Entity in order to ensure the effectiveness of the sanction.

When determining the sanction, the judge also determines the number of applicable quotas-not less than 100 nor more than 1,000-taking into account the seriousness of the offense, the degree of responsibility of the Entity, the activity carried out to eliminate the consequences of the act and mitigate its consequences, and to prevent the commission of other offenses.

Cases of reduction of the fine are provided:

- if the offender committed the act in the predominant interest of himself or a third party and the Entity did not gain an advantage or gained a minimal advantage;
- Whether the damage caused is of particular magnitude.

In addition, the reduction of the fine may be quantified from one-third to one-half if, prior to the declaration of the opening of the hearing:

- the Entity has fully compensated for the damage and eliminated the harmful or dangerous consequences of the crime;
- a Model suitable for preventing the commission of further crimes has been adopted and made operational.

7.2. *The sanctions interdiction*

Disqualification penalties are applied in addition to the pecuniary penalty, but only if expressly provided for the crime for which they are being prosecuted and provided that at least one of the following conditions is met:

- the Entity made a significant profit from the crime and the crime was committed:
 - o By an apex individual;
 - o by a subordinate, but only if the commission of the crime was facilitated by serious organizational deficiencies;
- In case of repeated offenses.

The disqualifying sanctions are:

- disqualification, temporary or permanent, from engaging in the activity;
- The suspension or revocation of authorizations, licenses or concessions functional to the commission of the offense;
- The prohibition of contracting with the public administration, except to obtain the performance of a public service;
- exclusion from benefits, financing, contributions or subsidies and the possible revocation of those already granted;
- A temporary or permanent ban on advertising goods or services.

Disqualifying sanctions represent the most afflictive measures for the Entity and are normally temporary. However, in the most serious cases, they can exceptionally be applied with definitive effects. Disqualifying sanctions can also be applied on a precautionary basis, as will be seen in paragraph 7 of this section.

Disqualification sanctions, however, do not apply-or are revoked if they are applied as a precautionary measure-if the Entity, prior to the declaration of the opening of the first instance hearing (ex art. 17 Legislative Decree 231/01):


- Has compensated for the damage or repaired it;
- has eliminated the harmful or dangerous consequences of the crime or, at least, has effectively done so;
- Has made the profit of the crime available to the judicial authority for confiscation;
- has eliminated the organizational deficiencies that led to the crime by adopting and operating organizational models suitable for preventing the commission of new crimes of the kind that occurred.

Finally, by Law 9/1/2019 No. 3 (so-called Spazzacorrotti), interdiction penalties were introduced for certain crimes against the P.A. and related tightening of the penalty treatment. Therefore, interdiction penalties, in these specific cases, will have a duration of between 4 and 7 years if an offense is committed by top management, and from 2 to 4 years by subordinates. If all these behaviors, of *industrious repentance*, occur, the disqualification penalty is replaced by a fine.

7.3. *The penalties incidental*

The Decree provides two additional penalties:

- confiscation, i.e., the acquisition by the State of the price or profit of the crime, including for equivalent; it is understood that in order to order the preventive seizure, the Judge must assess serious indications of liability and the justification

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of the prosecution⁶ ;

- The publication of the judgment of conviction, in excerpt or in full, at the expense of the Entity, in one or more newspapers specified by the Judge in the judgment as well as by posting in the municipality where the Entity has its principal office.

8. *The measures precautionary*

The Decree has provided for the possibility of precautionary application of certain measures aimed at achieving advance protection in case of conviction of the Entity. For the application of precautionary measures, it is necessary that there are serious indications of liability for the Entity and well-founded and specific elements of concrete danger of the reiteration of the crime for which it is being prosecuted. Once it is established that it is possible to proceed with precautionary measures, the judge must determine them taking into account the specific suitability of the same in relation to the nature and degree of the precautionary needs to be met in the concrete case; he must then take into account the principle of proportionality of the same to the extent of the fact and to the penalty that may be applicable. Precautionary measures may take the form of interditory measures, judicial receivership, preventive seizure, and precautionary attachment. Regarding interditory measures, please refer to the considerations made *infra*.

Judicial receivership presupposes the continuation of the Entity's activity by a commissioner. This instrument is generally used in place of the prohibitory measure:

- When the Entity performs a public service, the interruption of which may cause serious harm to the community;
- the interruption of the Entity's activity may cause, taking into account the size and economic conditions of the area in which it is located, significant repercussions on employment.

Precautionary attachment applies only to assets for which confiscation is permitted, namely the profit and product of the crime. The precautionary seizure is intended as a precautionary measure to preserve security for the payment of the penalty, the costs of the proceedings or any other amount due to the Treasury and affects the movable and immovable property of the Entity, sums or things of which it is a creditor.

9. *Entity liability and events modifying*

The Decree regulates the regime of the Entity's liability in the case of modifying events, such as:

- transformation;
- the merger;
- the split;
- the transfer of business.

The Decree establishes, as a general rule, that of the obligation to pay the pecuniary penalty, only the Entity is liable with its assets or common fund, thereby excluding the patrimonial liability of partners or associates, regardless of the legal nature of the Entity itself. This profile also extends in the event that the aforementioned modifying events occur in the manner outlined below.


Analyzing the individual hypotheses, the Decree establishes the rule that, in the case of **transformation** of the Entity, "*liability for offenses committed prior to the date on which the transformation took effect remains unaffected.*" The new Entity will therefore be the recipient of the penalties applicable to the original Entity, for acts committed prior to the transformation.

In the case of a **merger**, the Decree provides that the merged Entity, including by incorporation, is liable for the crimes for which the merging Entities were responsible.


In the case of **partial demerger**, when this is done by transferring only part of the assets of the demerged company, which continues to exist, the Decree provides, on the other hand, that the liability of the demerged Entity for crimes committed prior to the demerger remains unaffected. However, the Entities benefiting from the demerger, whether partial or total, are jointly and severally obligated to pay the fines owed by the demerged Entity for crimes committed prior to the demerger. The obligation is limited to the value of the transferred assets, except in the case where even part of the branch of activity under which the crime was committed has been received.

In any case, disqualification penalties apply to Entities to which the branch of activity within which the crime was committed remained or was transferred, even in part.

If the merger or demerger took place before the conclusion of the judgment to establish the liability of the Entity, the judge, in commensuring the financial penalty, shall take into account the economic conditions of the original Entity and not those of the merged Entity. In case of sale or transfer of the business within which the crime was committed, the Decree establishes that, except for the benefit of prior enforcement of the transferring Entity, the transferee is jointly and severally obliged with the transferring Entity to pay the pecuniary penalty, within the limits of the value

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⁶ cf. Cass. Pen. sec. VI, no. 34505/2012;

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of the transferred business and to the extent of the fines resulting from the mandatory books of accounts, or for administrative offenses of which the transferee was otherwise aware.

10 The groups of enterprises.

10.1 Offenses committed by companies belonging to a group

Despite the fact that a general regulation of the group of companies (understood as a grouping of entities with individual and distinct legal subjectivities) is absent at the ordinal level, there are indices of relevance of companies organized in the form of a group, such as:

- control and connection (Art. 2359 Civil Code);
- management and coordination (Art. 2497 Civil Code).

At the level of Legislative Decree 231/01, there is no direct liability of the group, but rather a liability of the Entities in the business group, subsisting, in particular, against the parent company. In order for such liability to be considered subsisting, the latter must be adequately identified and justified in court.

In order for another group company to be held liable for crime, it is necessary that the wrongful act committed in the subsidiary has brought a **specific and concrete benefit** (even if not necessarily of a financial nature) to the parent or other group company.

In essence, the holding/parent *company* may be held liable for the crime committed in the subsidiary's business when:

- the interest or benefit, immediate and direct, can be found not only in the subsidiary but also in the parent company;
- there has been participation at the level of complicity in the commission of the crime by persons functionally related to the parent company, through, for example, programming directives set by top management to be deemed criminally illegitimate or coincidence between top management of the holding company and those of the subsidiary.

10.2 Operation of the Model in the context of the groups

Given that each company in the group is called upon to autonomously assess and manage risk as well as prepare and implement its own Model and appoint its own Supervisory Board (with autonomous powers of initiative and control), it is contemplated that these activities may follow indications and implementation methods dictated by the *holding company*, depending on the group's organizational structure. Therefore, not a limitation or excessive interference in the autonomy of each individual company but planning at a higher level for the group, in order to link organizational efforts to better counter corporate crime phenomena.

In this sense, the group leader may:

- Point out a structure of the code of conduct;
- State common principles of the disciplinary system;
- State common principles of implementation protocols;
- provide for a group code of ethics (which each company must then drop into its own corporate reality and calibrate according to its actual exposure to crime risks).

Conversely, subsidiaries-not always endowed internally with specific professionals with interdisciplinary skills-could make use of the parent company's own functions for support of a consultative nature, aimed at facilitating the adoption, implementation and monitoring of their own Model, for example by requesting:


- A support for the assessment of risky activities/processes;
- professional input on possible safeguards to be implemented against the identified risk areas;
- an aid in updating the Model with respect to regulatory developments with impact on the specific realities of the group than general guidance.

The figure of *Internal Audit*-usually present in parent companies-could be employed for the aforementioned support activities, promoting for the subsidiaries a consistent approach with respect to the *holding company's* guidelines, always respecting the decision-making autonomy of each organization.

10.3 The Model of the parent company

The parent company's Model should take into consideration integrated processes involving multiple group companies, defining centralized procedures and harmonized protocols, particularly for those activities that flow into a unitary outcome. Below are some examples on which the parent company can favorably act:

- The management of financial assets centralized in a single treasurer in order to facilitate relations between group companies and credit institutions (so-called *cash pooling*);

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- facilitate activities and/or processes *outsourced* to some group companies (paying attention to contractual relationships, intercompany billing, transfer pricing mechanisms, etc.);
- Provide forms of independent certification of control processes (design and operation) on areas of common interest, such as administration, personnel management, IT services, etc;
- Encourage the adoption of management rules of fairness and transparency in relations with subsidiaries, including through the activation of information flows dedicated to the state of implementation of the 231/01 system (new regulations, group organizational changes, sanctions that have been applied to some group companies, etc.).

It is also desirable to implement information flows between the Supervisory Boards of the various group companies, which will need to be regulated and managed, and which should be aimed at stimulating group verification activities, particularly on the sectors deemed to be most at risk.

Flows between the companies' Bodies (and to the *holding company's* SB) may have as their object:


- The report of planned and accomplished activities;
- The initiatives taken and the measures that have been implemented;
- the critical issues found.

Further moments of information exchange between the Bodies may include the planning of joint meetings, also aimed at the formulation of common guidelines about the supervisory activities to be carried out, or the creation of an information system for collecting information documents of common interest and the Models adopted by individual companies.

10.4 The groups transnational

The transnational dimension in which business groups may be included increases the profiles of criticality and the risks of the commission of certain crimes, especially those related to economic crime, which must be taken into due consideration within the Models adopted by the companies that are part of the group. Possible measures to be taken for these particular groups may be:

- The adoption of codes of conduct that contemplate the transnationality of the activity performed;
- The implementation of training of senior and subordinate individuals on current regulations in the external countries with which they establish relations;
- The preparation of operational protocols that take these profiles into account, with particular reference to the financial and economic areas;
- The establishment of *compliance programs* to comply with different regulations;
- The implementation of minimum control principles by adopting *ad hoc* policies.

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SECTION II: THE BRITA ITALIA MANUFACTURING MODEL S.R.L.

11 Function of Model

BRITA ITALIA MANUFACTURING S.R.L. (hereinafter also: "BRITA ITALIA MANUFACTURING S.R.L." or "Company" or "Entity"), is a leading water dispenser company in Italy and part of the Brita Group, is a drinking water optimization specialist with its headquarters in Germany.

With about 60 employees, BRITA specializes in optimizing, filtering water-a now precious natural resource-offering products that stand as an environmentally friendly alternative to bottled water. The company also follows sustainability practices aimed not only at improving product performance but also at promoting safe and environmentally friendly production processes, with the ultimate goal of protecting both people and the environment.

Over the years, BRITA has always made choices aimed at containing its business impact, containing emissions by pursuing a wide range of company-wide measures, such as mitigating the energy efficiency of production sites, offices, and machines.

The company is headquartered in Arsago Seprio (VA), at 22 Carducci Street, within an independent structure set in a typically industrial urban context, and has its registered office in Milan, at 8 Seprio Street.

In light of this widespread **culture of compliance** within BRITA ITALIA MANUFACTURING S.R.L. and with the intention of also ensuring conditions of fairness and transparency in the conduct of business and corporate activities

- in order to protect its position and image - the Company also decided to proceed with the implementation of its own **Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001**.

This Organization, Management and Control Model, approved by the **Board of Directors** by resolution on **08/09/2021** and adopted on the basis of the provisions contained in articles 6 and 7 of the Decree, constitutes to all intents and purposes internal regulations of BRITA ITALIA MANUFACTURING S.R.L.


This initiative was taken in the conviction that the adoption of the Model - beyond the provisions of the Decree, which indicate the Model itself as an optional and non-mandatory element - can be a valid tool to raise awareness among all those who work in the Company, so that they follow, in the performance of their activities, correct and straightforward behaviors, such as to prevent the risk of committing the crimes contemplated in the Decree. The provisions contained in this Model aim, through the identification of sensitive activities and the dissemination of procedures designed to prevent criminal conduct under the Decree, at the affirmation and dissemination of a business culture marked by legality, as an indispensable prerequisite for lasting economic success. No unlawful conduct, even if carried out in the interest or to the advantage of the company, can be considered in line with the policy adopted by the Company.

Moreover, the Model is aimed at the dissemination of a culture of control, which must govern all decision-making and operational phases of the company's activities, in full awareness of the risks arising from the possible commission of crimes.

The achievement of the aforementioned aims is realized by adopting measures suitable for improving efficiency in the performance of business activities and ensuring constant compliance with the law and rules, identifying and eliminating risk situations in a timely manner. In particular, the goal of an efficient and balanced organization of the enterprise, suitable for preventing the commission of crimes, is pursued by intervening, mainly, on the processes of formation and implementation of the Company's decisions, controls, preventive and subsequent, as well as information flows, both internal and external.

11.1 Lines Guidelines

Art. 6, para. 3 of Legislative Decree No. 231/2001 expressly provides that Organization, Management and Control Models may be adopted on the basis of codes of conduct drawn up by associations representing Entities.

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BRITA ITALIA MANUFACTURING S.R.L.'s Organizational Model incorporates the relevant components of the control system outlined:

➤ in the "*Guidelines for the Construction of Organization, Management and Control Models Pursuant to Legislative Decree No. 231/2001*," issued by **Confindustria** updated to the June 2021 version;

In defining the Organization, Management and Control Model, the Guidelines provide for the following design stages, among others:

- ✓ The identification of risks, that is, the analysis of the company context to highlight in which areas of activity and in what manner the crimes provided for in Legislative Decree No. 231/2001 may occur;
- ✓ The preparation of an appropriate control system to prevent the risks of crime, through Protocols, identified in the previous phase, through the evaluation of the existing control system within the Entity and its degree of adaptation to the requirements expressed by Legislative Decree No. 231/2001.

11.2 Relationship between Model and Code Ethics

The Organizational Model drawn up pursuant to Legislative Decree No. 231/01 identifies, following special interviews and analysis of company documents, the predicate offenses that can be traced, even potentially, to BRITA ITALIA MANUFACTURING S.R.L.

The Code of Ethics, on the other hand, contains the basic principles of behavior and ethical values that the Entity is inspired by in the pursuit of its objectives; these principles must be respected by all Recipients and those who, in any capacity, interact with the Entity as they must be considered an essential element of the preventive control system.

The Code of Ethics is an official document of the Entity that contains:

- rights;
- duties;
- responsibilities of the Entity to "stakeholders" (employees, suppliers, customers, P.A., etc.).

The Code of Ethics recommends, promotes or prohibits certain behaviors and imposes sanctions proportionate to the seriousness of the infraction committed. The Code of Ethics must also cover the principles to safeguard the violation of accident prevention and environmental regulations.


The structure of this document imposes minimum contents in relation to:

Malicious crimes

- the Entity has as an indispensable principle compliance with laws and regulations and has a duty to:
 - a) Have every employee/consultant/supplier/customer comply with laws and regulations;
 - b) Promote the dissemination of said laws and regulations;
 - c) Ensure an adequate training and awareness program on the issues addressed by the Code of Ethics;
- the Entity ensures that every operation and transaction is recorded, authorized, verifiable, legitimate, consistent and congruous and, in particular that:
 - a) Each operation must have a proper record;
 - b) every operation must be subject to a verification process about the decision-making and authorization system;
 - c) each operation must be documentally supported;
- the Entity in its dealings with the P.A. does not allow it to come/come:
 - a) made illicit payments and/or utility handouts both in Italy and abroad;
 - b) favor offers of money or gifts to P.A. employees, whatever their level within the P.A. or their relatives, except for gifts of use or of modest value;
 - c) derogated from the principles of self-regulatory codes provided by P.A.;
 - d) accepted items, services and/or benefits of value in order to obtain more favorable treatment regardless of their relationship with the P.A.;
 - e) favored by Entity personnel conduct that may improperly influence P.A. decisions;
 - f) represented, in relations with the P.A., by an external consultant or a "third party" when this may, even potentially, create a situation of "conflict of interest."
 - g) Taken actions to examine or propose employment and/or business opportunities for the benefit of the P.A. employee in a personal capacity;
 - h) proposed any corporate promotional initiative to the P.A. employee;
 - i) Solicited or taken useful actions to gain access to information considered by the P.A. as confidential;
 - j) A former P.A. employee is hired.

Culpable offenses

- the Entity must, through the Code, make known the principles and criteria by which decisions, of all kinds, are made

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And level, providing:

- a) To eliminate and/or mitigate all risks including potential ones;
- b) Reassess and monitor all risks that cannot be eliminated;
- c) Introduce risk mitigation measures;
- d) Reduce risks at the source;
- e) Undertake initiatives that significantly lower the hazard coefficient;
- f) Plan appropriate measures to the improvement of safety levels with special attention to so-called collective protection measures;
- g) Issue specific instructions to the recipients.

The Entity's Code of Ethics may also propose to crystallize and possibly implement:

- a) Any measures taken by the Entity to eliminate/reduce the negative impact of economic activity on the environment;
- b) Promote the values of training and sharing of ethical principles among all parties operating in the enterprise;
- c) The disciplinary system and penalty mechanisms.

It follows that the Code of Ethics is to be considered as the essential foundation of the Model, since the provisions contained in the latter presuppose compliance with the provisions of the former, together forming a systematic *body of* internal rules aimed at spreading a culture of ethics and corporate transparency.

The Code of Ethics, which is hereby referred to in full, is attached to the Model and forms an integral part of it.

12 Guiding principles of the Model


The preparation of this Model appears to be guided by the following basic principles:

- provide for the attribution to the persons involved in the formation and implementation of the corporate will of powers and duties consistent with the organizational responsibilities assigned, through a system of written, clear and complete proxies and/or powers of attorney, including with regard to spending powers, constantly updated and approved by the Assembly;
- To determine social and individual goals that are realistic and consistent with the Recipients' actual possibilities;
- Establish that employees as well as collaborators and consultants external to the Company be chosen on the basis of requirements of competence and professionalism, in accordance with the provisions of the Code of Ethics, the Model, as well as in compliance with reference regulations (Workers' Statute);
- Encourage the circulation of information flows, while respecting confidentiality, in order to identify any conduct that differs from the provisions of the Model. This information must assume particular relevance for the purposes of mapping activities at risk (so-called sensitive activities), as an essential condition for adequate preventive organization;
- Ensure the transparency and traceability of every significant transaction within the scope of activities at risk of committing the predicate offenses and the consequent possibility of *ex post* verification of corporate conduct through genuine, unalterable, properly filed and verifiable documentation prepared by clearly identifiable individuals. In the use of IT principals, establish limitations in relation to specific company tasks;
- ensure that Recipients are constantly trained and updated on the provisions of the law relating to the performance of their duties, on the indications of the Code of Ethics as well as on the procedures identified in the Model or that refer to it for any reason;
- Enable the dissemination in the enterprise of behavioral rules, procedures and company policies that conform to the principles established in the Model and the involvement of all levels of the company in their implementation;
- Check the proper functioning of the Model in the field and proceed to periodically update the Model based on indications from application experience;
- Firmly sanction any conduct of the Recipients that is ultra vires with respect to their duties or in deviation from the protocols established by this Model.
-

13 Structure of Model

Following the Guidelines dictated by Confindustria, the Organizational Model of BRITA ITALIA MANUFACTURING S.R.L. consists of a General Part and a Special Part.

The General Part describes the contents and impacts of the Decree, the principles and objectives of the Model, the duties of the Supervisory Board, and the provision of the disciplinary system.

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The Special Part also consists of the organizational procedures developed on the basis of the mapping of risk areas. To the latter can be added the provision of Implementation Protocols, to be understood as the design of the control system existing within the Entity for the prevention of crimes and its adaptation. The Protocols aim to reduce or eliminate the risk by acting on two factors:

- **P** = which probability of occurrence of the event;
- **I** = impact of the same.

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

14 Criteria for adopting the Model

The Model has incorporated all legislative changes introduced until June 2021, taking into account all predicate offenses provided for up to that date in the legislation.

The activity of preparing the Model was carried out through the following operational steps:

- i. Definition of the mapping methodology of crime-risk activities;
- ii. Definition of the map of "sensitive" activities at risk of crime and identification of related organizational risk mitigation safeguards.

The activity was carried out through the collection and analysis of relevant documentation pursuant to Legislative Decree No. 231/2001 and relating to the organizational safeguards in place, and was subsequently verified, completed and shared through interviews with top management, in particular with the aim of:

- Verify the comprehensiveness of the list of sensitive activities;
- verify the consistency of the control safeguards already in place (e.g., procedures, instructions, delegation systems, logical security elements, etc.) aimed at deterring or preventing illegal behavior;
- share the areas of improvement identified (as gaps with respect to existing controls) and the proposed action plans to overcome these gaps, to be achieved by supplementing existing regulations, or by preparing special ad hoc regulations.

14.1 Mapping of Activities Sensitive

With reference to the predicate offenses provided for in the Decree and likely to give rise to the administrative liability of the Company, those abstractly applicable to the reality of the Entity have been identified.

Next, the so-called "sensitive" activities and processes were identified for each category of offense.

In order to specifically and concretely identify the areas of risk within the Company, an analysis of the corporate and organizational structure of BRITA ITALIA MANUFACTURING S.R.L., reconstructed in the organizational chart, was carried out.

Said analysis was conducted using documentation related to the Company, as well as all information obtained during interviews with the Board and Area Managers.

All this enabled a thorough verification of the business processes involved from time to time and thus an identification among them of those likely to be considered "risk areas."


14.2 Analysis of risks

For each risk area, an analysis was, then, performed to highlight:


- Crime-risk activities;
- the conceivable crimes;
- The possible ways in which the conceivable crimes could be committed;
- those normally involved;
- The degree of risk;
- Existing control tools;
- Any plans for improvement.

The result of this analysis showed the Company's susceptibility to the commission of the following predicate offenses:

- crimes against the P.A.;
- Computer crimes and unlawful data processing;
- organized crime offenses;
- forgery of coin;
- Crimes against industry and trade;

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- corporate crimes;

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- Crimes against individual personality;
- Manslaughter or serious or very serious injury committed in violation of occupational health and safety regulations;
- Crimes of receiving stolen goods, money laundering and use of money, goods or utilities of illicit origin, as well as self-laundering;
- Copyright infringement crimes;
- Inducement not to make statements or to make false statements to judicial authorities;
- environmental crimes;
- Employment of third-country nationals whose stay is irregular;
- tax crimes;
- smuggling.

They were, however, excluded from the detailed analysis:

- Crimes for the purpose of terrorism or subversion of democratic order;
- market abuse;
- Female genital mutilation practices;
- racism and xenophobia;
- Fraud in sports competitions.

It has been assigned to the Board of Directors, with the support of the Supervisory Board, the task of ensuring the continuous updating of the mapping of sensitive activities and instrumental processes, to be carried out with particular attention at times of corporate change.

14.3 Criterion for evaluation of risk

The Principle adopted for risk assessment follows the common line of the formula:

$$R \text{ (risk)} = P \text{ (probability)} \times D \text{ (year)}$$

considering assigning to the unknowns P and D a value from 1 to 4; while the value 0 will be assigned only in the case of the non-existence of the possibility of the commission of the crime. In order to calculate the Probability of occurrence of the event (P) and the Damage that this event could cause (D), with reference to the individual offenses indicated in the special parts, the following criteria will be followed:

Values for probability calculation	
1	1 - 25%
2	26 - 50%
3	51 - 75%
4	76 - 100%


Values for damage calculation	
Fine of 100 to 500 quotas	1
Fine of 501 to 1000 quotas	2
Disqualification penalty	2

Therefore, a score of 4 will be assigned for probability-just for illustrative purposes-if, with reference to the individual case of crime analyzed, there is a probability of occurrence of a value between 76 percent and 100 percent. On the other hand, with regard to the damage will be, for example, assigned a score of 4 if the penalty provided for that particular crime will be both of a pecuniary nature (with a maximum value between 501 and 1000 quotas) and of a disqualifying nature. By combining the two values indicated, the following results can be obtained:

D A M N O	PROBABILITY.				
	0	1	2	3	4
1					
2					
3					
4					

LEGEND	
0	INEXISTENT
1 - 4	ACCEPTABLE
5 - 8	MID
9 - 16	HIGH

The assessment will be considered as "positive" if the result obtained leads to at least "acceptable" risk, i.e. within the range of 1 to 4. The value "non-existent" will be obtained only if the probability of occurrence of the crime corresponds to 0. It is specified that if the result is included in a value from 5 to 16, the Entity will have to take measures in order to mitigate this risk and bring it to an "acceptable" value. In order to reduce this risk value, it should be specified that the damage referred to the Entity in the event of the commission of the crime will be parameterized by the competent Judicial Authority and, therefore, since it is a normative value, it cannot be reduced in any way with corrective and/or preventive actions by the Entity. Conversely, with reference to the probability, below are the corrective measures that the Entity may take in order to reduce the possibility of the occurrence of the event.

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Measures for probability mitigation	
Code of Ethics + MOG + Other Regulatory Documents (e.g., DVR) = Regulatory Adjustment	1
Regulatory Adjustment + System Organization (system not certificate - e.g., security delegation/manual procedures/organigram) = Organizational Adjustment	2
Organizational Adjustment + Certification/Appendix/DPO = Complex Adjustment	3

In view of the R(isk) value obtained, measures should be taken in a different order of priority. Accordingly, starting from a crime that can potentially be committed by the Entity and calculated its probability of occurrence, as well as the related damage - e.g., probability equal to 4 and damage equal to 4 - once a risk value of - e.g. - to 16 (HIGH), in order to reduce this risk and bring it to an "acceptable" level it will be necessary for the Entity to immediately undertake, at the very least, corrective measures, planning an action leading to the adoption of a measure to mitigate the probability of 3.

Example of residual risk assessment:

1. the "original" risk should be calculated by multiplying the probability value (1 to 4) with the damage value (1 to 4);
2. if the value obtained corresponds to a medium or high level of risk, the Entity should take one of the measures indicated in the above table (e.g., complex adjustment);
3. the value of the mitigating measure should be subtracted from the original value of the probability.

Therefore, if the original probability value and risk value are both equal to 4, adopting the "complex adjustment measure" (value 3) will subtract this value from the original one. This will result in a probability of occurrence of the event equal to 1, which multiplied by the damage ($R = P \times D$) - which cannot be changed - will lead to a residual risk equal to 4 and therefore "acceptable."

14.4 Definition of acceptable risk and determination of the degree of risk

A fundamental concept in the construction of an organizational Model is that of acceptable risk. In fact, for the purposes of applying the rules of the Decree, it is important to define a threshold that allows a limit to be set on the quantity and quality of prevention tools to be introduced to inhibit the commission of the crime.

In fact, as reiterated by the June 2021 Confindustria Guidelines, risk is considered acceptable when the additional controls "cost" more than the resource to be protected. The risk is acceptable, in cases of intentional crimes, when the effectiveness of the prevention system to the commission of the crime is such that it can only be circumvented fraudulently (so-called Fraudulent Circumvention of the Model as an exemption)⁷. In culpable offenses, the acceptable risk is represented by the commission of conduct in violation of the MOGC231, despite timely compliance with supervisory obligations.


For each sensitive area, also taking into account the presence of processes instrumental to the commission of the offenses, the degree of risk that one of the conceivable offenses might occur was assessed.

The risk assessment follows a rating scale (INESISTENT, ACCEPTABLE, MEDIUM, HIGH) that has been specifically outlined for the assessment of the risk of commission of the offenses under Legislative Decree No. 231/2001 within the Entity's structure by combining the following assessment factors (see Section 6.3 and related tables):

- a) **RISK:** any variable or factor that in the company's sphere, either alone or in correlation with other variables, may adversely affect the achievement of objectives indicated by Decree 231/01, also with specific reference to Article 6, paragraph 1, letter a)⁸;
- b) **PROBABILITY:** a condition of a fact or event that is believed to be likely to occur, or that, among several possible facts and events, appears to be the one that can most reasonably be expected, even in the face of certain behaviors;
- c) **DAMAGE:** consequence of an action or event that causes the Entity to be exposed to a 231/01 challenge.

⁷cf. Cass. Pen. Sec. V, no. 4667/2014;

⁸"(a) the management body has adopted and effectively implemented, prior to the commission of the act, organization and management models suitable to prevent crimes of the kind that occurred."

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14.5 Risk identification and risk management process

The main steps for identifying risks in the 231/01 system should be broken down as follows:

- a) **Identification of potential risks:** identification of the areas or sectors of company activities in which events detrimental to the objectives indicated by Legislative Decree 231/01 could, even abstractly, occur. Therefore, depending on the type of predicate offense, the activities, areas and sectors exposed to risk may be more or less extensive (under Legislative Decree 81/08 it will be mandatory to extend these protocols to all areas of interest);
- b) **Design of control systems (Protocols):** i.e. the evaluation of the existing system within the Entity for the prevention of crimes, to be understood as the set of measures to effectively counteract the identified risks by bringing them back to an acceptable risk. The Protocol should reduce the probability of occurrence of the event and the impact of the event itself. Maintenance of these safety standards must be ensured with a specific periodicity.

14.6 Operational mode of management of risk

Risk management takes action through the following modes of operation:

- a) **Inventory of the company's areas of activity**, which takes the form of carrying out a periodic review of the company's reality with the aim of identifying the areas that are affected, even potentially, by risks of the commission of predicate offenses. In concrete terms, this involves identifying the relevant cases for the Entity and the areas that, by reason of the nature and characteristics of the activities actually carried out are affected by possible risks, for example, for crimes against the P.A. it will be necessary to identify the areas that by their nature have direct or indirect relations with the P.A., or to identify processes that may take on an instrumental character;
- b) **Analysis of potential risks:** the analysis of potential risks should have regard to the possible crimes in the different business areas;
- c) **Evaluation, construction and adaptation of preventive control systems:** the activities mentioned in the above points are completed in the establishment of the preventive control system, if any, and with its continuous updating. It is basically a matter of designing protocols aimed at planning the formation and implementation of the Entity's decisions in relation to the crimes to be prevented. These safeguards take the form of three different levels of verification:
 - 1) **First level of control** (so-called in-line controls) proper to operational processes and are carried out by internal resources in a self-control mechanism;
 - 2) **Second level of control** carried out by technical structures independent of the first level;
 - 3) **Third level of control**, for large structured companies, carried out by internal audit, which provides independent assessments and improvement plans defined in agreement with management.

14.7 Preventive control systems for crimes malicious


In order to counter fraudulent activity implemented to circumvent the Organizational Models, the following measures are taken for malicious crimes:

- a) Adoption of a Code of Ethics and/or Code of Conduct;
- b) Structured organizational system that consists of a specific organizational chart of assignment of responsibilities, hierarchical dependence and description of tasks;
- c) Manual and computerized procedures: these regulate the performance of activities, segregation of duties, control over procedures, and implementation of initiatives, including those with combined signatures;
- d) A formalization of authorization and signature powers;
- e) Implementation of useful initiatives for staff training and awareness;
- f) Integrated control systems: procedural system coupled with 231 Protocols, e.g., off shore payment management.

14.8 Preventive control systems of crimes culpable

In order to counter fraudulent activity implemented to circumvent the Organizational Models, the following measures are taken for culpable offenses:

- a) Adoption of a Code of Ethics and/or Code of Conduct;
- b) Structured organizational system that consists of a specific organizational chart of assignment of responsibilities, hierarchical dependence and description of tasks, including delegations 81/08 and environment;
- c) Implementation of useful initiatives for staff education, training and awareness;

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- d) Circularization of communications;
- e) operational management to be referred to stringent policies for personnel recruitment, selection and hiring;
- f) Monitoring system: time scheduling of audits and manner of reporting any discrepancies.

15 Adoption, amendments and additions to the Model

The Board of Directors has exclusive competence to adopt, amend and supplement the Model. In exercising this function, it is assisted by the Supervisory Board, within the scope of the powers granted to it in accordance with Article 6, paragraph 1, lett. b) and Article 7, paragraph 4, lett. a) of the Decree, also acting on the reports of all Recipients as well as Area Managers, who have the power to make proposals to the Board of Directors regarding the updating and adjustment of this Model and have the duty to report in writing but without delay facts, circumstances or organizational deficiencies found in the supervisory activities that highlight the need or advisability to amend or supplement the Model. In particular, the SB operates the necessary updating, in a dynamic sense, of the Model by implementing suggestions and proposals for adjustment to the corporate bodies/functions involved, carrying out a useful follow up to assess the effectiveness of the proposed solutions⁹.

The Supervisory Board is required, at least semiannually, to highlight these observations in the annual report referred to in this Model to the Board of Directors, ensuring an effective flow of communication to and from management.

In any case, the Model must be promptly amended or supplemented by the Board of Directors, including upon proposal and, in any case, after consultation with the Supervisory Board, when intervened:

- violations or circumventions of the requirements of the Model that have demonstrated its ineffectiveness or inconsistency for the purpose of preventing the predicate offenses;
- Significant changes in the internal structure of the Company and the way business activities are carried out;
- regulatory changes;
- Whenever deficiencies are revealed or the BoD sees the need for additions or changes.

The operating procedures adopted in the implementation of this Model shall be modified upon the proposal of the competent Area Managers, subject to the non-binding opinion of the SB, by the Board of Directors, if they prove to be ineffective for the purpose of proper implementation of the provisions of the Model. The competent Area Managers may express opinions, also, on changes or additions to the operating procedures necessary to implement any revisions of this Model. Amendments, updates or additions to the Model must always be communicated to the Supervisory Board.

16 Structure organizational


For the purposes of implementing the Model, the Company's organizational structure is of fundamental importance, according to which the key organizational structures, their respective areas of competence and the main responsibilities assigned to them are identified. In this regard, please refer to the description of the current organizational structure contained in the Organizational Chart of BRITA ITALIA MANUFACTURING S.R.L.

17 Recipients of the Model


The rules contained in the Model and the Code of Ethics apply first and foremost to those who carry out functions of representation, administration or management of the Company or of one of its organizational units with financial and functional autonomy as well as to those who exercise, even de facto, the management and control of the Company. The Model and the Code of Ethics also apply to all employees of the Company, including those who collaborate in various capacities, including from abroad.

Finally, the Model and the Code of Ethics apply, within the limits of the relationship in place, to those who, although not belonging to the Company, operate by mandate or on behalf of the same or are in any case linked to the Company by legal relationships relevant to the prevention of the underlying crimes. To this end, within the framework of the Company under consideration, the Area Managers as well as those who exercise, even de facto, such functions, having possibly consulted the Board of Directors, shall preliminarily determine the types of legal relationships with persons outside the Company, to whom it is appropriate to apply, due to the nature of the activity carried out, the provisions of the Model and the Code of Ethics. Likewise, the methods of communication, if any, of the Model and the Code of Ethics to the external subjects concerned and the procedures necessary for compliance with the provisions contained therein shall also be determined in order to ensure their effective knowledge by all the subjects concerned.

Recipients are required to comply with all provisions and protocols contained therein as well as all procedures for their implementation with utmost fairness and diligence.

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⁹ see page 76 Confindustria Guidelines of June 2021

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18 Crimes relevant to Company

The adoption of the Model, a tool capable of guiding the behavior of individuals operating within the Company and promoting at all levels of the company behavior marked by legality and fairness, has positive repercussions on the prevention of any crime or offence provided for by the law. In order to comply with the specific provisions of the Decree, and in view of the analysis of the company context and activities potentially at risk of crime, only the predicate offenses that may occur in the sensitive areas identified in Section 16.2 and specified in the individual Special Sections, to which reference is made for an exact discussion of them, are considered relevant, and therefore specifically examined in the Model.

SECTION III: THE SUPERVISORY BODY

19. Composition

The law does not provide precise indications regarding the composition of the SB, leaving ample room for the Entity on the choice of a monocratic or collegial body, preferring for small enterprises a monocratic composition that may also include a top executive as a member, while for medium to large enterprises a collegial composition is preferred, excluding top individuals. It will be forbidden to assign any member of the SB, even internal, with tasks of a purely operational nature. Such an assignment, in fact, would irremediably affect the autonomy and independence of the members of the SB itself. In fact, making even a single member a participant in decisions about the Entity's activities could affect the serenity of judgment of the latter and therefore of the SB at the time of audits.

19.1 Duties requirements and powers:

19.2 Tasks

The duties of the SB are regulated by Articles 6 and 7 of Legislative Decree 231/01 and are summarized in:

- Supervision of the effectiveness of the Model;
- Examination of the adequacy of the Model;
- analysis about the maintenance of the Model's soundness and functionality requirements over time;
- Dynamic updating of the Model (suggestions, proposals and follow up).


19.3 Requirements

The requirements of the SB are, among others:

- **specialized connotation.** This indication is also taken up in the Accompanying Report to Decree 231/01;
- **autonomy, as** governed by Article 6, paragraph 1, letter b) of Legislative Decree 231/01¹⁰ and **independence**, according to which the SB can never assume operational tasks¹¹. The expression of the autonomy of the SB also intervenes through the granting to it of an expense budget, economic recognition in the head of each member for the activities carried out and the responsibilities assumed, as well as the endowment in the head of the Body of its own Regulations;
- **professionalism:** refers to the cultural and technical background of the member, which is also reflected in the curriculum and the specification, included within the Model, that each member has expertise in inspection activities,

¹⁰ Cf. Gip Milan, order 20.09.2004.

¹¹ Cf. Gip Court Rome, 4.04.03

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advisory, as well as technical knowledge useful to the effective power of control¹². It is also desirable that at least one member of the body has legal expertise "...and, more particularly, criminal law"¹³.

19.4 Powers

The powers of the SB are, among others:

- Verification of the effectiveness of the Model;
- supervision of the same and related procedures;
- Power to formulate proposals for updates to management;
- Reporting powers to the governing body;
- Obligation to prepare specific information report semi-annually;
- Obligation to transmit any communication to the Board of Auditors;
- Open access activities at all business functions and all documents;
- obligation of adequate financial provision, proposed by the latter;
- Obligation to draft its own regulations;
- Obligation to prepare an audit plan.

19.5 Information flows to and from the Supervisory Board

19.6 Reporting obligations to the SB.

The obligation to inform the SB is an additional supervisory tool in order to ascertain the causes that made it possible for the crime to occur.

All Recipients of the Model, in compliance with the duties of diligence and obligations of loyalty provided for by law (Articles 2104 and 2105 of the Civil Code), shall communicate to the SB-in compliance with the contents of the Appendix attached to this Model-any information useful to facilitate the performance of checks on the proper implementation of the Model. In particular, each Area Manager, if he or she finds areas for improvement in the definition or application of the prevention protocols defined in this Model, shall draw up, send and promptly transmit to the SB a "note" (e.g., report, email, checklist, etc.) having as a minimum the following content:

- A description, including a summary, of the status of implementation of prevention protocols for the risk activities under its responsibility;
- a description, including a summary, of the verification activities carried out regarding the implementation of prevention protocols and the effectiveness improvement actions taken;
- An indication, including a summary, of whether changes to prevention protocols and related implementation procedures are needed;
- such further contents, if any, as may be expressly requested by the SB from time to time.

In particular, the obligation to provide information to the SB applies to all Company Functions, as specified in the Appendix, which may communicate:

- reports - periodic - summaries of the control activities carried out;
- summary sheets;
- technical reports;
- specific evaluations;
- Any other documents that identify anomalies and atypicalities encountered in their work performance.


Therefore, Area Managers, as members of Management, will have to report the outcomes of the controls already carried out and not merely pass on information.

Information flows organized in this way allow Management to exercise control action; while the SB (as an *assurance* mechanism) allows it to evaluate only the findings related to the controls performed.

The SB will also be the recipient of all periodic reporting in the areas of occupational safety and the environment. The obligation to provide information to the SB is also intended to maintain an appropriate level of authority to requests for documentation that are necessary for the SB in the course of its audits. In implementation of the U.S. *Federal Sentencing Guidelines* and related *Compliance Programs*, the obligation to inform shall also be extended to employees who come into possession of information related to the violation of the Organizational Model.

¹² See Court of Naples, 26.6.2007.

¹³ See page 79 Confindustria Guidelines, third paragraph.

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Information directed to the SB may concern:

- The issuance and updating of organizational documents;
- Changes in the responsibility of functions affected by risk activities;
- The system of corporate proxies and powers of attorney and any updates to it (if provided or identified);
- the main elements of extraordinary transactions initiated and concluded;
- operations that are in any case significant within the areas of risk, also in light of the guidance provided in Special Part;
- all relevant information to evaluate the implementation of the safety (e.g., including accident analysis and risk assessment) and environmental system;
- reports prepared by Area Managers and Process Managers, as part of their verification activities, from which facts, acts, events or omissions with critical profiles may emerge with respect to compliance with the provisions of the Decree or the provisions of the Model and the Code of Ethics;
- disciplinary proceedings initiated for violations of the Model, or for serious incidents committed by the employee to the detriment of the company;
- any request for legal assistance made by managers/employees against whom the judiciary proceeds in the 231/01 context;
- Decisions regarding the application for and use of public funding;
- any communication from the PG or the Authorities;
- The establishment of internal committees of inquiry to counter 231/01 liability hypotheses;
- Verification of contracts acquired from public entities or entities performing public utilities;
- information regarding the performance of company activities as punctually defined within the framework of the procedures for implementing the protocols provided for in the Special Parts of the Model;
- Any information in any capacity useful for the exercise of supervisory activities.

It is understood that the Area Managers, who forward the communication for their specific area - in case of negative judgment by the SB - will have to refrain from judgments or considerations in order to avoid situations of incompatibility, even potential. The information provided to the SB, in fact, aims to enable it to improve its planning activities and controls, leaving it to its discretion to determine in which cases to take action.

It is added that the reporting system will be effective as the principle of confidentiality of communications is guaranteed. All employees and members of the Company's corporate bodies are obliged to promptly report the commission or alleged commission of offenses under the Decree of which they become aware, as well as any violation or alleged violation of the Code of Ethics, the Model or the procedures established in implementation thereof of which they become aware. All employees and members of the Company's corporate bodies may ask the SB for clarification regarding the correct interpretation and application of this Model, the prevention protocols, related implementation procedures and the Company's Code of Ethics.

Collaborators and all persons external to the Company are obliged, as part of the activity carried out for the Company, to promptly and directly report to the SB the violations referred to in the previous point; this obligation must be specified in the contracts that bind these persons to the Company, or disseminated through appropriate operating instructions.

In order to enable timely compliance with the provisions of this paragraph, the mailbox (IT60_odv@brita.net) is established, i.e., the possibility of placing communications within physical boxes in the company, dedicated to communication towards the Supervisory Board by employees, members of the Company's corporate bodies and external collaborators. Reports may also be communicated orally or transmitted by internal mail to the Supervisory Board by Recipients.


Every report, even in compliance with *whistleblowing* regulations, must be guaranteed by respect for the principle of confidentiality.

About the handling of anonymous reports, similar to the new *whistleblowing* protocols, anonymous reports will only be considered if they relate to substantiated facts and/or are related by specific documentation.

In the event that oral reports are not communicated directly to the SB, the Area Manager shall draw up a record of the interview, with the assistance of a member of the SB. In any case, the Area Managers, even severally, shall promptly inform the members of the SB of any communication of which they are the recipients, relating to the Organizational Model or the application of the Decree.

19.7 Disclosure to corporate bodies

The SB defines and draws up, at the beginning of the fiscal year and at least annually, a work plan related to individual

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inspection activities, which is supplemented by documentation showing the outcome of the audits conducted. Reports to the Board of Directors except as otherwise provided in this Model.

The SB, unless there are special requirements of confidentiality and privacy for the performance of its functions, shall promptly inform the Board of Directors about significant circumstances and facts of its office or any urgent critical issues of the Model that have emerged in the course of its supervisory activities or reported by Area Managers.

The SB shall prepare, at least semiannually, a written report for the Board of Directors and, if requested by the Board, for other Control Bodies (Board of Statutory Auditors, Independent Auditors and, if present, internal audit). Said report must contain, at a minimum, the following information:

- a) The summary of the activities carried out during the year by the SB;
- b) A description of any issues that have arisen regarding operational procedures for implementing the provisions of the Model;
- c) A description of any newly identified crime-risk activities;
- d) the account, with respect for confidentiality, of the reports received from internal and external parties, including what has been directly encountered, regarding alleged violations of the provisions of this Model, the prevention protocols and related implementation procedures, as well as the violation of the provisions of the Code of Ethics, and the outcome of the consequent checks carried out;
- e) information regarding the possible commission of predicate offenses;
- f) disciplinary measures and any sanctions applied by the Company, with reference to violations of the provisions of this Model, the prevention protocols and related implementation procedures as well as the Code of Ethics;
- g) An overall assessment of the functioning and effectiveness of the Model with any proposals for additions, corrections or changes;
- h) the reporting of any changes in the regulatory framework or significant changes in the internal structure of the Company or in the way business activities are carried out that entail updating the Model;
- i) The reporting of any conflict of interest situation, even potential;
- j) The statement of expenses incurred.

This report must be properly stored and guarded, in order also to prevent access to individuals outside the SB and the Board.

The BoD and other Control Bodies have the right to summon the SB at any time to inform them about the activities of the office. Similarly, the SB may request the convening of the BoD and other Control Bodies.

19.8 The SB in BRITA ITALIA MANUFACTURING S.r.l.

In view of the company structure, BRITA ITALIA MANUFACTURING S.R.L. has decided to have a collegial Supervisory Board.

The SB is appointed by the Board of Directors, with a reasoned decision acknowledging the existence of the requirements of professionalism, autonomy and independence.


It is essential that the selection of the members of the SB, by the BoD, takes place by verifying the possession of specific professional skills, thus not limiting itself to the mere evaluation of the cv but verifying, in concrete terms, that the candidate members have skills in *"inspection, consultancy, or knowledge of specific technical skills suitable to ensure the effectiveness of the powers of control and the power of proposal delegated to it."* The BoD will also have to consider whether at least one member of the Collegial composition of the SB should have special criminal law skills, as among other things indicated on page 79 of the new Guidelines.

The BoD reviews the information provided by candidates for appointment to the SB, or otherwise available to the Company, in order to assess whether they actually meet the necessary requirements.

Upon acceptance of the office, the member of the SB, having read the Model and given formal adherence to the Code of Ethics, undertakes to perform the functions assigned to it, guaranteeing the necessary continuity of action, its independence and autonomy, and to immediately notify the Board of Directors of any event likely to affect the permanence of the above requirements.

Subsequent to the appointment of the SB, periodically, the Board of Directors verifies the continuing subjective requirements of its members.

In the event of disqualification, death, resignation, or revocation, the BoD shall promptly replace the terminated member. In order to ensure its full autonomy and independence, the SB remains in office for three years, unless otherwise resolved

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Of the Administrative Body or Assembly.

The members of the SB may use a "Permanent Invitee" to serve as Secretary.

The SB shall prepare its own Regulations, which set out the rules for its operation and the way information flows are managed.

The SB must ensure at least semiannually a flow of information, by means of an appropriate report, to Management.

The SB has autonomous powers of initiative, control and expenditure on the basis of an annual expenditure budget, approved by the BoD, upon the proposal of the Body itself. It draws up an annual spending plan for activities to be carried out the following year, to be submitted to the BoD and the Board of Auditors within 90 days after the close of the fiscal year.

In any case, the SB may request an addition to the funds allocated if they are insufficient for the effective performance of its duties and, on its own initiative, may extend its spending autonomy in the presence of exceptional or urgent situations, which must be the subject of a subsequent report to the BoD.

19.9 Causes of ineligibility or disqualification


It is understood that it is impossible to assign operational tasks to the members of the SB that could affect the serenity of an overall assessment judgment, therefore, the following individuals should be considered ineligible:

- Personnel and organization;
- Legal;
- Management administration and control;
- SPP;
- Environmental delegate.

19.10 Revocation

Any revocation of the members of the SB can take place only for just cause, by resolution of the Board, after hearing the opinion of the Board of Auditors. Just cause is defined as gross negligence in the performance of the duties associated with the position such as, among others:

- Failure to prepare semi-annual activity information reports to the BoD;
- Failure to draw up the Supervisory Board Audit Plan (provided by the Supervisory Board in compliance with the provisions of this Model);
- Failure to verify reports by Recipients regarding the commission or alleged commission of the crimes referred to in the Decree, as well as the violation or alleged violation of the Code of Ethics, the Model or the procedures established to implement it;
- the assignment of operational functions and responsibilities within the corporate organization that are incompatible with the requirements of autonomy, independence and continuity of action proper to the SB.

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SECTION IV. COMMUNICATION AND TRAINING

20.1 Communication

The Entity guarantees towards all Recipients proper knowledge and dissemination of the Model and the Code of Ethics. The Model and Code of Ethics, as soon as they are approved or if they undergo changes, are communicated to all Company personnel by the Area Managers and the SB using the most appropriate means of dissemination, internal information notes or access to the computer system.

Appropriate ways are established by the Area Managers, in consultation with the SB, to certify that the Model and Code of Ethics have been received by Company personnel.

In addition, forms of communication of the Model and the Code of Ethics are also provided at the time of hiring for new employees as well as within the scope of training activities.

For parties outside the Company who are recipients of the Model and the Code of Ethics, special forms of communication of the Model and the Code of Ethics are provided for when the contract is signed. Contracts governing relations with such parties must provide for clear responsibilities regarding compliance with the Company's business policies and, in particular, the Code of Ethics and the Model.

20.2 Training

The Entity is committed to implementing periodic training programs with the aim of ensuring effective knowledge and dissemination of the Code of Ethics and the Model, including updates or amendments, by employees and members of corporate bodies.

Training programs cover the Decree and the regulatory framework of reference, the Code of Ethics and this Model. The level of training is modulated, with a different degree of depth, in relation to the qualification of the Recipients and the different level of their involvement in sensitive activities.

Staff training for the purpose of implementing the Model is managed by the SB also with the help, where appropriate, of the company's internal staff or external consultants. The provision of the various training courses may take place through:

- face-to-face lectures, in-person or via computer platform, with preparation of suitable attendance record, learning test and issuance of certificate of attendance;
- *e-learning* platform with time lock of slides (recommended measure), midterm tests, final summary test, and ability to monitor *login* and *logout* of training process recipients.

The Supervisory Board may verify the adequacy of training programs, implementation methods and results. Participation in the training programs referred to in this paragraph is mandatory. Violation of these obligations constitutes a violation of the Model and is subject to the provisions of the Penalty System.