



# **CONCERTIA NUOVA OVERLORD S.P.A.**

## **ORGANIZATION, MANAGEMENT AND CONTROL MODEL**

**D. LGS NO. 231/2001**

### **GENERAL SECTION**

Approved by determination of the Sole Director dated April 4, 2022

<b>REV.</b>	<b>APPROVAL</b>	<b>ISSUED</b>	<b>SIGNED</b>
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**CONCERIA NUOVA OVERLORD S.P.A.**

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## DEFINITIONS

**Sensitive activities:** Activities of CONCERIA NUOVA OVERLORD S.P.A. in which there is risk, even if only potential, of committing any of the offences referred to in D.lgs no. 231/2001.

**Code of Ethics (the "Code"):** The Code of Ethics of CONCERIA NUOVA OVERLORD S.P.A. adopted in compliance with D.lgs no. 231/2001, as an integral part of its Organization and Management Model. The Code covers the general principles and values that inspire the COMPANY, as well as the rules of conduct to which it conforms in the exercise of its business and in the interaction - in any capacity - with third parties.

**Collaborators:** All subjects who - for any reason whatsoever - have a collaboration relationship with CONCERIA NUOVA OVERLORD S.P.A., who carry out intellectual or manual activities; these subjects work autonomously, with the exclusion of subordination, but within the framework of a unitary and continuous relationship with the person who commissioned the work.

**Organisational fault:** a subjective reprimand imposed on an entity pursuant to D.lgs no. 231/2001 in the event that a predicate offence is committed in its interest or to its advantage by a senior manager or a subordinate; the entity is accused of failing to adopt adequate internal regulations (in particular, sufficient organisational controls) to prevent the commission of a predicate offence in the performance of its business activities.

**Consultants:** Any subject who carries out its activity in the name and/or on behalf of 4 or in any case in favour of - CONCERIA NUOVA OVERLORD S.P.A. by virtue of a special mandate or other contractual relationship (e.g. contract for intellectual work).

**Outsourcing contract:** Agreement whereby a party (*outsourcee* or principal) transfers to another party (*outsourcer*) certain functions necessary for the realization of the business purpose.

**Corporate Governance:** Set of principles, institutions and mechanisms through which the most important business decisions, necessary for the functioning of the company, are developed.

**CCNL:** National Collective Labour Agreement currently in force and applied by CONCERIA NUOVA OVERLORD S.P.A.

**D.lgs no. 231/2001 (the "Decree"):** D.lgs no. 231 of 8 June 2001, which dictates the "*Regulations governing the administrative liability of legal entities, companies and associations, including those without legal personality*" and subsequent amendments and additions.

**D.lgs no. 231/2007:** D.lgs no. 231 of 21 November 2007, implementing Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as well as Directive 2006/70/EC laying down implementing measures and subsequent amendments.

**Employees:** Persons having a subordinate working relationship with CONCERIA NUOVA OVERLORD S.P.A. including managers.



**Managers:** Individuals who, by reason of their professional skills and hierarchical and functional powers appropriate to the nature of the office conferred on them, implement the directives of the employer by organizing the work activity and supervising it.

**Secondment:** An arrangement whereby an employer (seconding party), in order to satisfy its own interests, temporarily places one or more workers at the disposal of another party (seconded) for the performance of a specific work activity.

**Risk Assessment Document ("D.V.R."):** A document prepared by the employer containing a report on the assessment of risks to health and safety at work and the criteria for such assessment, an indication of the prevention and protection measures and individual protection devices resulting from such assessment, the programme of measures considered appropriate to guarantee the improvement of safety levels over time, identification of the procedures for implementing the measures to be implemented as well as the roles within the company organisation that must provide for them, indication of the name of the RSPP, of the RLS and of the competent doctor who participated in the risk assessment, as well as identification of the tasks that may expose workers to specific risks that require recognised professional capacity, specific experience, adequate training and instruction.

**Entities:** Entities other than natural persons, such as companies and associations, including those without legal personality, as well as institutions with legal personality.

**Public Official:** any public official or person in charge of a public service pursuant to <sup>5</sup>Articles 357 and 358 of the Italian Criminal Code.

**Administrative liability triggered by crime:** Illegal fact that determines the "administrative" responsibility of the bodies according to D. Lgs. no. 231/2001, and therefore the infliction of the relevant sanctions, consisting in the commission of a predicate offence in the interest or to the advantage of the body and by a "top" exponent or "subordinate" of the body itself; the occurrence of an administrative liability can be made possible by a more or less marked organizational fault.

**Person in charge of a public service ("ips"):** A person who, for whatever reason, performs a public service, to be understood as an activity regulated in the same forms as the public function, therefore regulated by rules of public law and authoritative acts (e.g., act of concession), but characterised by the lack of powers (authoritative, certifying and deliberative) typical of the latter and by the absence of participation in the formation and manifestation of the will of the public administration (cf. art. 358 of the Criminal Code). The exercise of duties of order (merely executive and without autonomy or discretion) or the performance of merely material work does not constitute a public service, so that the person in charge of a public service is such if he performs a "conceptual" or intellectual function. By way of example, as a rule, the concessionaire is qualified as a public servant in the performance of the activity entrusted under concession (case law has recognised as a public servant the director of a private company in charge of the municipal tax collection service, or the manager of a public landfill site operating under administrative authorisation).



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**Financial interests of the European Union:** all revenue, expenditure and assets which are covered or acquired by, or payable under, the Union budget and/or the budgets of the institutions, bodies, offices and agencies of the Union established by virtue of the Treaties or budgets managed and controlled directly or indirectly by them. Thus, the protection of the Union's financial interests concerns not only the management of budget appropriations but extends to any measure affecting or liable to affect its assets and those of the Member States (in so far as it is relevant to Union policies).

**Guidelines:** Guidance documents drawn up by the main trade associations for the construction of Organization and Management Models pursuant to D.lgs no. 231/2001 with respect to the reference sector.

**Model (or "MOG"):** Organisation, management and control model provided for by article 6 of D.lgs no. 231/2001 adopted by CONCERIA NUOVA OVERLORD S.P.A.

**Supervisory Body ("SB"):** Internal body of the entity in charge of supervising the operation of and compliance with the Model; the SB is also responsible for promoting the updating of the Model, indicating to this end to the Administrative Body the actions to be taken.

**Corporate bodies:** the Board of Directors, the Shareholders' Meeting and the Board of Statutory Auditors of CONCERIA NUOVA OVERLORD S.P.A.

**Administrative Body (or "management body"):** the Sole Director of CONCERIA NUOVA OVERLORD S.P.A.

**Partners:** Contractual counterparties of the COMPANY, such as, for example, suppliers, distributors, contractors, both physical persons and legal entities, with which the COMPANY enters into any form of contractually regulated collaboration (temporary business association, consortia, collaboration in general).

**Public Administration:** The State and all its branches, the territorial public bodies and the other non-economic public bodies, as well as the subjects that fall under the definition of "public official" or "person in charge of a public service" pursuant to, respectively, articles 357 and 358 of the Italian Criminal Code, or those who - employees of public or private entities - exercise "a legislative or judicial public function" or even "an administrative function", as governed by the rules of public law and authoritative acts, characterised by the formation and manifestation of the will of the Public Administration, possibly by means of authoritative and certification powers.

**Public Official:** For the purposes of the Decree, "public official" is:

(1) anyone who exercises a legislative, judicial or administrative public function, i.e. governed by rules of public law and authoritative acts and characterised by the formation and manifestation of the will of the Public Administration; a public official is, therefore, anyone who exercises (also in a non-concurrent manner) authoritative, certifying or deliberative powers;

(2) any person acting in an official capacity in the interest of or on behalf of: (a) a national, regional or local public administration, (b) an agency, office or body of the European Union or of an Italian



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or foreign national, regional or local public administration, (c) an enterprise owned, controlled or participated in by an Italian or foreign public administration, (d) a public international organisation such as the European Bank for Reconstruction and Development, the International Bank for Reconstruction and Development, the International Monetary Fund, the World Bank, the United Nations or the World Trade Organization, or (e) a political party, a member of a political party or a candidate for political office, whether Italian or foreign;

(3) representatives of local communities, who, under the Anti-Corruption Laws and in particular the case law derived therefrom, are assimilated to Public Officials.

**“Predicate” offences:** Types of offences (both felonies and misdemeanors), envisaged by the Criminal Code or by special laws, specifically referred to in Articles 24 et seq. of D.lgs No. 231/2001 or in any case in respect of which the company's liability is expressly envisaged pursuant to the same D.lgs No. 231/2001.

**Risk Assessment:** Methodology for the identification and analysis of the risks presented by the performance of a given activity, within the scope of which the critical aspects existing in the internal control system are also identified (so-called *gap analysis*), preliminary to the subsequent *risk management* activities.

**Internal Control and Risk Management System:** the set of tools, organisational structures, standards and corporate rules aimed at allowing the company to be run soundly, correctly and consistently with its objectives, through an adequate process of identification, <sup>7</sup>measurement, management and monitoring of the main risks, as well as through the structuring of adequate information flows to ensure the circulation of information.

**COMPANY (or “CONCERIA NUOVA OVERLORD S.P.A.”):** CONCERIA NUOVA OVERLORD S.P.A.

**“Apical” subjects:** Persons who, pursuant to art. 5, paragraph 1, letter a) of the Decree, hold functions of representation, administration and control or management of CONCERIA NUOVA OVERLORD S.P.A. or one of its units with financial and functional autonomy, as well as person who exercise, even de facto, the management or control of the COMPANY.

**“Subordinates”:** Persons who, pursuant to art. 5, paragraph 1, letter b) of the Decree, are subject to the management or supervision of "senior" persons.

**Third parties:** Subjects that are not part of CONCERIA NUOVA OVERLORD S.P.A. CONCERIA NUOVA OVERLORD S.P.A., with which they deal in carrying out their business activities.

**Tools for implementing the OMC:** all the company's provisions, internal measures, deeds and operating procedures, such as by-laws, proxies, organization charts, *job descriptions*, procedures, organizational provisions.

**Consolidated Environment Act:** D.lgs no. 152 of 3 April 2006.

**Consolidated Law on Finance:** D.lgs no. 58 of 24 February 1998.

**Occupational Health and Safety Consolidation Act:** D.lgs no. 81 of 9 April 2008.





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**Top Management:** The Board of Directors, the department heads and any individuals with management functions and strategic responsibilities, who are responsible - each according to their level - for the implementation, maintenance and monitoring of the Internal Control and Risk Management System, in compliance with the directives of the Board of Directors.



## INTRODUCTION

CONCERIA NUOVA OVERLORD S.P.A. (hereafter, "CONCERIA NUOVA OVERLORD" or the "COMPANY") has decided to adopt an *Organization, Management and Control Model* (hereafter, the "Model"), considering it an essential element for the adequacy of its organizational, administrative and accounting structure<sup>1</sup>, thus complying with the provisions of D.lgs no. 231 of 8 June 2001 (hereafter, the "Decree")<sup>2</sup>.

In adopting both the Model and the Code of Ethics, the COMPANY identified an important opportunity to increase its level of transparency and rigor in the pursuit of its corporate purpose, also by raising awareness of its senior management, employees, collaborators and third parties who, for various reasons, interface with the Company, of the need to respect legality and prevent unlawful conduct.

Aware of its social responsibility and also in order to protect its image and reputation, CONCERIA NUOVA OVERLORD requires its interlocutors to adopt responsible and virtuous behavior, respectful of the law and the ethical-social principles and values that inspire the COMPANY, summarized in the Model and the Code of Ethics. At the same time, through the communication of the Model, CONCERIA NUOVA OVERLORD encourages full and accurate awareness of the conduct not permitted and tolerated in the exercise of its business.

Ultimately, through the concrete implementation and effective circulation of the <sup>9</sup>Model, the COMPANY intends to prevent its activities from generating opportunities for the commission of offences; in particular, the COMPANY intends to prevent the commission of the offences referred to in the Decree (so-called "predicate offences"), also thanks to a pervasive control system that prevents deviant behavior. Therefore, the commission of offences is never in line with the interests of CONCERIA NUOVA OVERLORD and is, on the contrary, specifically opposed and always condemned by the COMPANY, even where it appears to gain it - apparently - a benefit or advantage.

In preparing the Model, CONCERIA NEW OVERLORD analyzed its organizational structure, with particular reference to the internal control system, in order to assess the existence of room for improvement in light of *best practices* and the most recent case law and doctrine on the subject of corporate liability.

The Model is divided into a General Section and several Special Sections, as many as there are "classes" of offences that can potentially be committed in the business activities of CONCERIA NUOVA OVERLORD as identified through the *risk assessment*. Finally, the Code of Ethics is an integral part of the Model.

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<sup>1</sup> Pursuant to Articles 2086, second paragraph, 2381, third paragraph, and 2392 of the Italian Civil Code.

<sup>2</sup> Regarding the "*Regulations governing the administrative liability of legal entities, companies and associations, including those without legal status, pursuant to Article 11 of Law 300 of 29 September 2000*".



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The Model has a wide and generalized scope, involving every aspect of the company's business; moreover, its application is not limited only to the personnel of CONCERIA NUOVA OVERLORD, but is addressed to all those who, for any reason, work on behalf or in the interest of the COMPANY (hereinafter, the "Recipients"), such as

- 1) the Shareholders of NUOVA OVERLORD CONCERIA and the members of the other Corporate Bodies;
- 2) any other person in an "apical" position, who therefore exercises - even de facto - functions of representation, administration, management or control of the COMPANY;
- 3) managers, employees and collaborators in any capacity (regardless of their formal qualification and the nature of the employment relationship, whether permanent, fixed-term or part-time), including temporary workers, interns and temporary and seconded workers;
- 4) business *partners*, intermediaries, consultants, professionals and suppliers of goods and services;
- 5) any other contracting party.



## CHAPTER 1 - DESCRIPTION OF THE REGULATORY FRAMEWORK

SUMMARY: **1.1.** Administrative liability of entities; **1.2.** Prerequisites of the liability of entities; **1.2.1.** Predicate offences; **1.2.2.** The interest or advantage of the entity; **1.2.3.** Perpetrators of the offence: persons in "senior" positions and persons "subject to the direction of others"; **1.2.4.** Offences committed abroad; **1.3.** Penalty system; **1.3.1.** Monetary sanctions; **1.3.2.** Disqualifying sanctions; **1.3.3.** Publication of the sentence; **1.3.4.** Seizure; **1.4.** Exclusion of the entity from responsibility; **1.5.** The organization, management and control model; **1.5.1.** Guidelines of the Trade Associations.

### Administrative liability of entities

The Decree introduced into the Italian legal system the institution of the liability of entities triggered by crime. Even if *formally* qualified as "administrative", this liability is *substantially* criminal in nature as it:

- derives from the commission, in the interest or to the advantage of the entity, of one of the offences referred to in the Decree ("predicate" offences);
- is placed alongside the responsibility of its exponent - top management or subordinate - who has committed one of the "predicate" offences, while remaining independent (it may also be recognized when the perpetrator of the offence remains unknown<sup>3</sup>);
- is established through criminal proceedings<sup>4</sup>;
- contemplates the application of pecuniary and interdictory sanctions, which are particularly afflictive (up to a ban on operating the business), in addition to the seizure of assets.

In particular, entities may be held liable for "predicate" offences committed - or even only attempted - by members of top management (so-called senior management)<sup>5</sup> or by those who are subject to the management and control of the latter (so-called subordinates)<sup>6</sup>.

The responsibility of the entities is autonomous from that of the natural person who has committed the crime and is added to the latter. The regulatory system provided for by the Decree therefore aims to involve, in the repression of certain crimes, the entities in whose interest, or to whose

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<sup>3</sup> See art. 8 of the Decree.

<sup>4</sup> See art. 36 of the Decree.

<sup>5</sup> See art. 5, paragraph 1, lett. a), and art. 6 of the Decree.

<sup>6</sup> See article 5, paragraph 1, letter b) and article 7 of the Decree.



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advantage, the crime in question was committed, affecting their assets and management by virtue of an ascertained organizational fault.



## 1.2. The prerequisites for the liability of entities

For the purposes of the liability of the entity pursuant to the Decree, several prerequisites must be met. In particular, it is necessary that:

- a) a "predicate" offence has been committed, i.e. a criminal offence referred to in the text of the Decree or for which the liability of the entity pursuant to the Decree is specifically provided for, even by a different regulatory source;
- b) the predicate offence was *also* committed in the interest, or to the advantage, of the entity;
- c) the perpetrator of the offence, or the participant, was in an apical position and/or a person subject to the direction or supervision of a top manager, even if not identified.

### 1.2.1. Predicate offences

As mentioned above, not every criminal offence determines the liability of the entity pursuant to the Decree; to this end, the offences must be (alternatively): (a) strictly referred to in the Decree itself; (b) foreseen by a different regulatory source which - however - explicitly foresees the liability of the entity pursuant to the Decree.

As things stand, the offences relevant for the purposes of the "administrative" liability of the entity can be included in the following categories<sup>7</sup>:

- Offences against the Public Administration (articles 24 and 25 of the Decree)
- Computer crimes and unlawful data processing (Article 24-bis of the Decree)
- Criminal conspiracy (Article 24-ter of the Decree)
- Crimes of forgery (forgery of money, public credit cards, revenue stamps and identification instruments or signs) (art. 25-bis of the Decree)
- Crimes against industry and trade (art. 25-bis. 1 of the Decree)
- Corporate crimes (art.25-ter of the Decree)
- Crimes for the purpose of terrorism or subversion of the democratic order (Article 25-quater of the Decree)
- Offence of female genital mutilation practices (Article 25-quater. 1 of the Decree)
- Offences against the individual (Article 25-quinquies of the Decree)
- Market abuse offences (Article 25-sexies of the Decree)

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<sup>7</sup> For a detailed examination of the individual predicate offences relevant to the activities of CONCERIA NUOVA OVERLORD S.P.A. reference should be made to the individual Special Sections.



- Manslaughter or serious or very serious injuries committed in violation of the regulations on the protection of health and safety at work (Article 25-septies of the Decree)
- Offences against property by means of fraud (Article 25-octies of the Decree)
- Copyright infringement offences (Article 25-novies of the Decree)
- Inducement not to make statements or to make false statements to the judicial authorities (art. 25-decies of the Decree)
- Transnational offences (Article 10 of Law no. 146/06)
- Environmental offences (article 25-undecies of the Decree)
- Employment of citizens from non-EU countries (Article 25-duodecies of the Decree)
- Racism and xenophobia (article 25-terdecies of the Decree)
- Sports fraud (article 25-quaterdecies of the Decree)
- Tax crimes (Article 25-quinquiesdecies of the Decree)
- Smuggling (Article 25-sexiesdecies of the Decree).

### 1.2.2. The interest or advantage of the entity

The commission of a predicate offence is still not sufficient for the purposes of the entity's<sup>14</sup> liability; it is also necessary that the offence was committed in its *interest* or to its *advantage*. In particular:

- the **interest** implies the finalization of the illegal conduct towards the achievement of a utility, not necessarily economic, for the benefit of the entity, a utility that - however - does not necessarily have to be achieved for the purposes of the liability provided for by the Decree;
- the **advantage** consists in the concrete acquisition of an appreciable utility on an economic level by the entity.

The responsibility of the entity exists even if the perpetrator of the offence has acted to satisfy an interest *competing with* that of the body itself: in other words, this responsibility is only excluded when the individual has committed the offence *exclusively* in his own interest or that of third parties<sup>8</sup>.

### 1.2.3. Perpetrators of the offence: persons in "senior" positions and persons "subject to the direction of others

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<sup>8</sup> See article 5, paragraph 2, of the Decree.



Finally, the responsibility of the body only arises if the predicate offence has been committed - also jointly - by subjects linked to it by a relationship of organic identification or by an employment relationship. In particular, the entity is liable for the predicate offences committed:

- "by persons who *hold positions of representation, administration or management of the entity or of one of its organizational units with financial and functional autonomy, as well as by persons who exercise, also de facto, the management and control of the entity itself*"<sup>9</sup> (**senior persons**). Apical persons" are considered to be all persons placed at the top of the company organization, appointed to express the will of the body in external relations or to adopt company policy choices. Apical persons are entrusted with the power to manage, represent, control and supervise the entity;
- "*by persons subject to the direction or supervision of one of the senior management*"<sup>10</sup> (**subordinates**).

By way of example, directors, statutory auditors and general managers are considered to be apical; if they have financial and functional autonomy, the persons in charge of secondary offices (factory managers) and, in the case of an organization divided into divisions, division managers are also considered to be apical. Generally, apical persons are all persons who, regardless of a valid and formal investiture<sup>11</sup>, exercise management and control roles in the entity on a continuous and significant basis.

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The broad category of subordinates is also identified on the basis of a functional criterion: irrespective of the formal qualification and the nature of the link with the entity, a subordinate is a person who is subject to the control, direction or supervision of a senior person.

#### 1.2.4. Offences committed abroad

The Decree extends the possibility of prosecuting entities in Italy also for crimes committed abroad, in order to avoid easy circumvention of the entire regulatory framework<sup>12</sup>.

Proceedings may be brought for the offence committed abroad if the following conditions are met:

- the entity must have its head office in the territory of the Italian State;

<sup>9</sup> See art. 5, paragraph 1 letter a) of the Decree.

<sup>10</sup> See article 5, paragraph 1 letter b) of the Decree.

<sup>11</sup> The Decree recalls the functional criterion described by art. 2639 of the Italian Civil Code, which equates - with particular reference to corporate offences - with the person formally vested with the title or holder of the function provided for by the civil law: (a) whoever is required to perform the same function, differently qualified; (b) whoever, although not regularly vested, exercises in a continuous and significant manner the typical powers inherent in the title or function.

<sup>12</sup> See art. 4 of the Decree.





- the offence must be committed abroad by a person functionally linked to the entity;
- the entity may be liable only in the cases and under the conditions provided for by Italian law<sup>13</sup>;
- the State of the place where the act was committed does not proceed independently in prosecuting the offence;
- in cases where Italian law provides that the punishment of the perpetrator of the offence is subordinate to the request of the Minister of Justice, the aforementioned request is also formulated against the entity.

### 1.3. Penalty system

Once the responsibility of the entity has been ascertained in the context of criminal proceedings, the Decree provides for a series of sanctions, of a pecuniary and/or disqualifying nature, which are accompanied by seizure and publication of the conviction<sup>14</sup>.

#### 1.3.1. Financial penalties

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<sup>13</sup> See Articles 7, 8, 9 and 10 of the Criminal Code.

<sup>14</sup> See art. 9 of the Decree.



The commission of a predicate offence, ascertained by a conviction, is always ground for the infliction of a monetary sanction, determined according to a system of "quotas": first of all, for each predicate offence, the Decree provides for a certain number of "quotas" that can be imposed on the convicted entity (in any case, not less than one hundred and not more than one thousand)<sup>15</sup>. In turn, each individual "quota" can have a minimum value (€ 258.00) and a maximum value (€ 1,549.00)<sup>16</sup>. In concrete terms, then, the number and value of the quotas to be imposed on the entity in the event of conviction are established by the criminal judge on the basis of the indications provided for in the Decree<sup>17</sup>. Specifically, the judge determines the number of quotas on the basis of<sup>18</sup>: (a) the seriousness of the offence; (b) the degree of liability of the entity; (c) the activity carried out by the entity to prevent the commission of further offences. The size of the individual quota, on the other hand, is defined on the basis of the entity's economic and financial conditions, so as to ensure the incisiveness of the penalty.

Moreover, the Decree foresees a series of circumstances that can reduce the pecuniary sanction: for example, when the perpetrator of the offence has committed the offence mainly in his own interest or in the interest of third parties and the entity has gained little or no advantage; or when the damage caused by the commission of the offence is particularly slight. Furthermore, the pecuniary sanction is reduced in the event that the entity has fully compensated the damage and has eliminated the damaging or dangerous consequences caused by the commission of the crime, or at least has effectively acted in this sense. The pecuniary sanction is also mitigated by the adoption and implementation (*a posteriori*) of an organisational model suitable for preventing offences<sup>17</sup> of the same type as the one that has occurred (so-called remedial model).

### 1.3.2. Disqualifying sanctions

Unlike pecuniary sanctions, which must always be imposed on the entity found responsible for any predicate offence, disqualifying sanctions can only be applied for those predicate offences which expressly provide for them<sup>19</sup>. Furthermore, the judge may only proceed to impose a disqualifying sanction when:

- a) in the event of a predicate offence committed by a senior manager - or by a "subordinate" due to serious organizational shortcomings - the entity has made a significant profit from the offence;

or

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<sup>15</sup> See article 10, paragraph 2, of the Decree.

<sup>16</sup> See article 10, paragraph 3, of the Decree.

<sup>17</sup> See art. 10 of the Decree.

<sup>18</sup> See art. 11 of the Decree.

<sup>19</sup> See art. 13 of the Decree.



- b) the entity, which has already been definitively convicted of an offence, within the following five years has committed another offence (so-called reiteration).

Vice versa, the judge cannot order a disqualification sanction when the entity:

- 1) has fully compensated for the damage and eliminated the harmful or dangerous consequences of the offence, or has taken effective steps to do so;
- 2) moreover, has eliminated the organizational deficiencies that led to the offence by adopting and implementing organizational models capable of preventing offences of the type that have occurred;
- 3) and, finally, made the profit available for confiscation.

This said, the Decree provides for numerous prohibitory sanctions, graduated according to a progressively higher level of limitation of the entity's activity (and, therefore, afflictiveness). These are, in particular<sup>20</sup>:

- of the prohibition - including a definitive prohibition - on advertising goods or services;
- exclusion from facilitations, financing, contributions or subsidies, and possible revocation of those granted;
- the prohibition - also definitively - to contract with the Public Administration;
- the suspension or revocation of authorisations, licences or concessions which have proved to be "functional" to the commission of the offence;
- disqualification - even definitive - from exercising the activity.

These prohibitory sanctions can also be applied as a precautionary measure, i.e. before the final ascertainment of the entity's responsibility<sup>21</sup>. For this purpose, however, the following conditions must be met:

- serious indications of the entity's liability;
- real danger that further offences of the same nature as the one being prosecuted may be committed.

### 1.3.3. Publication of the judgment

If a disqualification sanction has been applied to the entity found liable, the judge also orders the publication of the sentence, once only (in full or in extracts), in one or more newspapers; at the

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<sup>20</sup> See art. 9 of the Decree.

<sup>21</sup> See articles 45 et seq. of the Decree.



same time, the sentence is also ordered to be posted in the municipality where the entity has its head office<sup>22</sup>.

#### 1.3.4. Confiscation

When a sentence of conviction is passed, the confiscation of the price or profit of the offence is always ordered, with the exception of that part which may be returned to any person damaged by the offence and protecting, in any case, the rights acquired by third parties in good faith. In the case in which it is not possible to carry out the confiscation exactly of the price or of the profit of the crime, the confiscation may concern sums of money, goods or other utilities of equivalent value to these<sup>23</sup>.

#### 1.4. Exclusion of liability of the entity

According to the provisions of the Decree, even if a predicate offence has been committed, the entity may not be "administrative" liable in the presence of certain conditions, which differ depending on the perpetrator of the offence. In fact, if the perpetrator is an apical subject, the responsibility of the entity could be excluded only if the same proves<sup>24</sup>:

- to have, prior to the commission of the offence, adopted and effectively implemented an organizational and management model capable of preventing offences of the same <sup>19</sup>type as the one actually committed;
- to have entrusted a company body, endowed with autonomous powers of initiative and control, with the task of supervising the functioning and observance of the model and of keeping it up to date ("Supervisory Body" or "SB");
- that the offender has fraudulently circumvented the model;
- that there has been no omission or insufficient supervision by the Supervisory Body.

On the other hand, in the event that the perpetrator of the offence is a "subordinate", the entity will only be held liable if the commission of the offence was made possible by the senior management's failure to comply with the obligations to manage and supervise the subordinate; in any case, the entity will not be subject to sanctions if, before the offence was committed, it had already adopted

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<sup>22</sup> See art. 18 of the Decree.

<sup>23</sup> See art. 19 of the Decree.

<sup>24</sup> See art. 6, paragraph 1, of the Decree.



and effectively implemented an organization, management and control model capable of preventing offences of the type that actually occurred<sup>25</sup>.

### 1.5. The organization, management and control model

Although the organization and management model represents an essential element in the regulatory system provided for by the Decree, the norm provides meagre general indications as to what the minimum content must be in order for it to be considered - by the Judicial Authorities - suitable for preventing the underlying offences. In particular, it must<sup>26</sup>:

- identify the areas of activity of the entity in which the underlying offences may be committed (so-called sensitive activities);
- foresee specific protocols, differently calibrated in relation to the offences to be prevented, which dictate precise regulations regarding the formation and implementation of the entity's decisions;
- identify methods of managing financial resources suitable for preventing the commission of the offences in question;
- contemplate measures suitable, on the one hand, to guarantee that the entity's activities are carried out in compliance with the regulations and, on the other, to discover and eliminate (or at least manage) risk situations in a timely manner; 20
- provide for obligations to inform the Supervisory Body;
- introduce a suitable disciplinary system for sanctioning non-compliance with the measures indicated in the model itself.

Moreover, in order for the model to be considered effectively implemented, the Decree requires:

- first of all, that it is periodically checked and, if necessary, modified and updated if significant violations of the requirements emerge or if there are changes in the organization and activity of the entity<sup>27</sup>;
- secondly, that any violations of the model are punctually detected and submitted to the Supervisory Body.

#### 1.5.1. Guidelines of Trade Associations

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<sup>25</sup> See art. 7 of the Decree.

<sup>26</sup> See art. 6, paragraph 2, of the Decree.

<sup>27</sup> See article 7, paragraph 4, of the Decree.



As mentioned above, the Decree only lays down the minimum requirements for an organizational model to be considered suitable for legal proceedings (and therefore to avoid the entity's liability), leaving the individual entities concerned a wide degree of autonomy in defining the relative content. To this end, it is foreseen that *"the organizational models can be adopted [...] on the basis of codes of conduct drawn up by the associations representing the entities"*<sup>28</sup>.

Among the "guidelines" formulated by the various trade associations for the creation of organizational models, those outlined by Confindustria are undoubtedly of particular importance, and were applied in drafting this Model. In addition, recourse was also made to the *"Consolidated principles for the drafting of organizational models and the activity of the supervisory body and prospects for the revision of D.lgs no. 231 of 8 June 2001"* drawn up by the multidisciplinary work group of the National Council of Accountants and Tax Advisors, the Italian Banking Association (ABI), the National Forensic Council (CNF) and Confindustria itself.

In light of the indications provided by the aforementioned guidelines, the essential steps for the creation of a valid organizational model are:

- 1) the precise identification of the risks, i.e. the analysis of the company context that makes it possible to highlight where (i.e. in which area/sector of activity) and according to which methods the offences envisaged by the Decree may occur;
- 2) the design of an adequate control system to effectively combat the risks of offences identified, eliminating them or reducing them to an acceptable level, if <sup>21</sup>necessary, identifying the need to update them.

Correct management of the risk of offences requires the **intensity** of the risk to be assessed beforehand and through careful *risk assessment*, by summarizing two distinct factors: the **likelihood** of the offence occurring and the **impact** of the offence, in terms of detrimental consequences for the company and/or third parties. This assessment process must be carried out with a certain continuity, or in any case with adequate frequency, particularly at times of corporate reorganization (e.g. changes in *governance*, opening of new offices, start of new activities or changes in the way in which existing ones are carried out, mergers, acquisitions and other extraordinary operations, etc.). An adequate preventive control system does not necessarily require the elimination of the risk of offence (which is sometimes not possible), since it may be sufficient to limit the risk to an "acceptable" level: it is clear that the control measures that may be adopted in the abstract are potentially infinite, but would risk making it impossible for the entity to carry out its activities; consequently, it is necessary to define a "threshold of acceptability", i.e. a reasonable number of measures to avoid excessively rigidifying the regular performance of the activity. This threshold of acceptability is represented by a prevention system that cannot be circumvented if not fraudulently: in other words, in the commission of the offence, the perpetrator of the offence will be forced to

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<sup>28</sup> See article 6, paragraph 6, of the Decree.



"evade", with abuse of power or in any case with fraudulent methods, the set of control and prevention measures adopted by the entity.

According to the most authoritative guidelines, in order for the organizational model to be considered effective (and therefore suitable), it must include:

- a Code of Ethics;
- a sufficiently clear and formalized internal organization, especially regarding the allocation of responsibilities;
- a system of procedures, manual and/or computerized, which regulate the main activities of the entity, providing for a precise separation of tasks and roles between the persons carrying out crucial activities (initiative, authorization, execution and control) within the same process (with particular attention to the management of financial flows);
- a clear, consistent and adequately formalized attribution of authorization and signature powers;
- an adequate personnel communication and training system, as well as specialized training where required, which is capillary, effective, detailed, clear and periodically repeated;
- a system of supervision and controls consistent with the operational management of the entity and capable of containing the level of risk of offence within acceptable thresholds;
- an organizational structure regarding health and safety at work that <sup>22</sup>(a) assigns responsibilities on the basis of a competence criteria; (b) ensures continuous and systematic monitoring of preventive requirements in the workplace; (c) guarantees communication between all personnel and the full involvement of the company figures envisaged by regulations, also by means of periodic meetings.

In any case, the content and provisions of the organizational model must be inspired by at least the following principles:

- every operation, transaction, action (including control) must be verifiable, documented, consistent and congruous;
- no one should be able to manage an entire process autonomously, therefore it is necessary that (1) no one is given unlimited powers; (2) responsibilities and powers are clearly defined and known within the company organization; (3) authorization and signature powers are consistent with the organizational responsibilities assigned.



## CHAPTER 2 - CORPORATE STRUCTURE OF CONCERIA NUOVA OVERLORD

SUMMARY: **2.1.** CONCERIA NUOVA OVERLORD S. p. A.; **2.2.** Organizational structure and roles; **2.2.1.** *Corporate governance* and the proxy and power of attorney system of CONCERIA NUOVA OVERLORD; **2.2.2.** The corporate structure.

### 2.1. CONCERIA NUOVA OVERLORD S.p.A.

CONCERIA NUOVA OVERLORD S.P.A. IS a joint stock company under Italian law based in Santa Croce sull'Arno (PI), specialized in the tanning of leather for its own account and for third parties. CONCERIA NUOVA OVERLORD S.P.A. has branch offices in Lombardia and Marche.

### 2.2. Organizational structure and roles

The organizational structure of the COMPANY ensures the implementation of the strategies and the achievement of the objectives defined by the Board of Directors, based on criteria of maximum efficiency and operational effectiveness and guaranteeing the separation of tasks and responsibilities, avoiding the overlapping of functions and the mixing of roles.

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#### 2.2.1. The *corporate governance* of CONCERIA NUOVA OVERLORD S.P.A.

- **Shareholders' Meeting**: the Shareholders' Meeting represents all members. The Ordinary and Extraordinary Shareholders' Meeting is responsible for deliberating on matters reserved to it by law or by the Articles of Incorporation;
- **Sole Director**: the COMPANY is currently managed by a Sole Director, who is the legal representative of the company. As a result, only the Sole Director can bind the COMPANY to third parties. The Sole Director is entrusted with the task of implementing the resolutions adopted by the Shareholders' Meeting and carrying out the Company's business activities.

The Sole Director has the task of coordinating the various company figures, as well as representing the company's interlocutor - on an external level - in relations with third parties. He is responsible for approving organizational strategies, developing management policy, hiring, supervising and remunerating senior managers, as well as ensuring the organization's legal responsibility before the authorities. It is vested with the broadest powers for the ordinary and extraordinary management of the Company and has the authority to perform all acts that it deems appropriate for the implementation of the corporate purpose, with the sole exception of those that the law or the Articles of Incorporation reserve for the Shareholders' Meeting;





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- **Board of Statutory Auditors:** in addition to the Sole Director, the *corporate governance* system of CONCERIA NUOVA OVERLORD S.P.A. also prescribes the Board of Statutory Auditors, made up of three regular members and two alternates;
- **Supervisory Body:** with the adoption of the MODEL, the COMPANY has also equipped itself with a Supervisory Body of collegial nature, made up of three external members, which has the task of supervising the behavior of apical and subordinate subjects to ensure that they (i) observe the Law, the Code of Ethics and the internal regulatory system; (ii) behave in a manner that complies with the precautionary principles identified in the protocols of prevention of the risk of offences *pursuant to* D.lgs no. 231/01.

### 2.2.2. Company structure

The company organization of CONCERIA NUOVA OVERLORD S.P.A. foresees, as the operational summit, the figure of the Sole Director, to whom report the heads of the various company functions, divided into Sales, Purchasing, Administration, Marketing, HR, HSE, Technical/Quality and Logistics.

The **Sole Director** (or "CEO") of the COMPANY directs the general policy of CONCERIA NUOVA OVERLORD S.P.A.. He plans and develops the production and marketing of products. Within the COMPANY, he ensures that there is a correct allocation of resources, both human and material, defining - in agreement with the heads of the company functions - the short, medium and long term objectives, supervising their implementation.

Specifically:

- assesses *business* opportunities, selecting possible investments particularly in places where the Company is not yet present;
- assumes the representation of the COMPANY before entities, both public and private, as well as before the Public Administration and Public Authorities, in particular the Judicial Authority;
- Directs and coordinates company functions, helping to identify and define the best processes and working methods;
- supervises that the COMPANY is provided with the tools, training and autonomy necessary to achieve the set objectives, in compliance with the principles of effectiveness and efficiency;
- takes part in any inspections/accesses by the Public Authorities, as well as in administrative procedures connected to permits, authorizations or licenses;
- promotes and maintains relations with public entities and Authorities, in order to strengthen the position of CONCERIA NUOVA OVERLORD S.P.A. within the Italian and international market;



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- ensures the coordination of company operations;
- makes major strategic decisions for the COMPANY.

The **Commercial Function** is responsible for defining the COMPANY's commercial policies and for collecting orders. The Commercial Function includes, on the one hand, the Sales staff, who also make use of external agents, and, on the other side, *Customer Service*, which is responsible for the execution of orders received by the Sales staff. The Sales Department identifies the objectives and strategies to be undertaken, both quantitatively and qualitatively, and supervises the definition of the economic aspects of the most significant commercial initiatives, in order to ensure the achievement of the expected profitability; in this latter respect, it takes care of the economic valorization and profitability analysis of the commercial projects, proposing, if necessary, the appropriate changes in order to ensure that the projects themselves are carried out in compliance with the pre-established conditions of duration, quality and cost. Customer Service acts as a collector of orders and is the *trait d'union* between the Commercial, Purchasing, Technical and Logistics functions. Finally, Customer Service deals with all after-sales issues.

The **Administrative Function (or "Administration")** ensures - *first and foremost* - that all management operations are punctually recorded in the accounting records, in order to guarantee the fulfilment of accounting, tax and social security obligations. Internally, the staff deals with the following functions: treasury, credit management, accounts payable cycle, invoicing management, payment management, suppliers' accounting, credit management, client's accounting, 25 accounts receivable, invoicing cycle (so-called advance billing), administrative management of personnel and payment of taxes and duties. The Administrative Function, with the support of the resources included in its own Function, in particular:

- supervises the process of preparing accounting records;
- handles relations with banking institutions;
- handles relations with the Board of Statutory Auditors and the independent auditor, and keeps the Company's books;
- prepares the draft of financial statements, with the support of external consultants;
- manages relationships with external consultants, providing the necessary information;
- is responsible, with the help of external consultants, for the management of salaries and related social security and contribution obligations;
- Coordinates and supervises billing activity, active and passive;
- supervises the fulfilment of tax, fiscal, social security and contribution obligations.

The **Purchasing Department** provides (also through agents) for the procurement of leather, both raw hides and *wet blue/white*, chemical products and self-consumption goods.

The **Technical/Quality Function** is divided into the Wet Technical Office and the Finishing Technical Office, which deal with the implementation phase of the articles handled by the



Company. The same Offices are responsible for supervising the quality of products manufactured on behalf of the Company by suppliers (subcontractors).

The **Logistics Function is responsible** for - on one hand - the procurement of products from suppliers and subcontractors (so-called *inbound* logistics) and - on the other - the delivery of the product to the customer (*outbound* logistics).

The **Marketing Department** is responsible for promoting the activities, image and products of CONCERIA NUOVA OVERLORD S.P.A. through communication strategies, the definition of promotional campaigns and the enhancement (including participation in trade fairs and events) of the products marketed by the COMPANY, as well as all its other *assets*, supporting the other Functions in the achievement of objectives set in terms of performance and profitability, innovation and efficiency.

The **Human Resources Function** (or "HR") supports the Chief Executive Officer in the proper planning of the workforce and labour costs, helping to define policies relating to the grading and *compensation of* human resources. In addition, the Human Resources Manager:

- manages the human resources selection process;
- provides - together with the Supervisory Board and with the cooperation of the heads of the corporate functions - internal training;
- supervises compliance with labour regulations and welfare;
- supports the Chief Executive Officer in disciplinary proceedings.

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The **Health, Safety and Environment Function** (or "HSE") manages aspects relating to the quality of the production process, environmental protection and safety in the workplace.

To this end, the HSE Manager, assisted by specialized external consultants and the RSPP, is responsible for:

- the drafting and updating of all the documentation necessary for compliance with the relevant obligations;
- the management of safety and environmental protection systems;
- monitoring the promulgation of new laws and their implementation in the company;
- having the physical investigations properly conducted;
- collecting and processing environmental monitoring data;
- ensuring compliance with the legal requirements concerning health and safety in the workplace *pursuant to* D.lgs 81/2008;
- the preparation and updating of the risk assessment document;
- updating procedures, improvement and maintenance plans;
- verifying the availability and proper use of personal protective equipment (PPE);



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- taking care, together with the Human Resources Manager, of staff training on Health, Safety and Environmental issues in the workplace;
- collaborating with the Sole Director and the Managers of the other Functions in the identification of solutions for the improvement of production processes with reference to Health, Safety and Environment issues.

Finally, the COMPANY is in possession of the LWG certification, issued by the Leather Working Group, a non-profit organization competent in the tanning sector.



## CHAPTER 3 - THE CONCERIA MODEL OF NUOVA OVERLORD S.P.A.

SUMMARY: **3.1.** The project of CONCERIA NUOVA OVERLORD S.P.A.; **3.2.** The functions and objectives of the Model of CONCERIA NUOVA OVERLORD S.P.A.; **3.3.** The activities; **3.4.** The structure of the Model of organization, management and control of CONCERIA NUOVA OVERLORD; **3.4.1.** The organizational and authorization system; **3.4.2.** Control principles; **3.4.3.** The cash flow management system; **3.4.4.** Prevention principles and protocols; **3.4.4.1.** General prevention protocols; **3.4.4.2.** Specific prevention protocols.

### 3.1. The project of CONCERIA NUOVA OVERLORD S.P.A.

Although the Decree does not force entities to adopt an organizational model, CONCERIA NUOVA OVERLORD S.P.A. has nevertheless deemed it appropriate to proceed with its adoption, consequently appointing a Supervisory Body in order to strengthen its internal control system.

The Model, together with the Code of Ethics, the organizational procedures and the *policies*, instructions and provisions issued by the COMPANY, constitutes an effective tool - on one side - for the prevention of offences and - on the other - for the detection of any violation of the law. It also aims to raise awareness of all members of CONCERIA NUOVA OVERLORD S.P.A. to comply with current regulations and procedures, helping to obtain full acknowledgment by these individuals of the seriousness of the commission of an offence; on the other side, the Model allows the COMPANY, in the presence of deviant situations, to react promptly and effectively. The principles and rules outlined in the Model are of a general nature, imposing themselves on all company activities and not only on those classified as "risky" or "sensitive".

### 3.2. The functions and objectives of the Model of CONCERIA NUOVA OVERLORD S.P.A.

The purpose of the Model is to introduce, or in any case standardize and rationalize, company protocols and procedures relating to activities at risk of offences being committed, with the specific aim of preventing them from being committed. The Model therefore has the function of:

- identifying the **sensitive activities** carried out by various corporate functions, as well as by companies or third-party professionals under *outsourcing* arrangements, which, due to their particular type, may entail the risk of committing an offence pursuant to the Decree;
- analyzing the potential risks with regard to the possible ways in which offences may be committed in relation to the COMPANY's internal and external operating context;
- evaluating the existing system of preventive controls and, if necessary, adapt it to ensure that the risk of commission of offences is reduced to an acceptable level;
- defining a system of principles and rules that establishes: **(a)** general lines of conduct (Code of Ethics and General Section); **(b)** specific organizational procedures aimed at



regulating company activities in sensitive sectors (articulated within the General Section and individual Special Sections);

- structuring a control system capable of promptly reporting the existence and emergence of general and/or particular critical situations;
- articulating a communication and training system for personnel that allows them to be aware of the Model itself, the Code of Ethics, the internal organisational structure and the attribution of authorisation powers, hierarchical reporting lines, procedures, information flows and everything that contributes to the transparency of company activities;
- setting up and assign to the Supervisory Body specific responsibilities for monitoring the effectiveness, adequacy and updating of the Model;
- defining a disciplinary and sanctioning system for the violation of the provisions of the Code of Ethics and the procedures foreseen by the Model.

### 3.3. The activities preparatory to the adoption of the Model

In 2021, TANNERIA NUOVA OVERLORD S.P.A. started a project aimed at adopting an organizational model and, to this end, carried out a series of preparatory activities, divided into phases, aimed at assessing and possibly implementing the current internal organizational structure, with particular reference to the system of prevention and management of the risks of criminal offences. <sup>29</sup>

More specifically, the **phases in which the** process leading to the adoption of the Model was articulated were as follows.

PHASES	ACTIVITIES
PHASE 1	<p><b>START OF THE PROJECT - ANALYSIS OF THE ORGANIZATIONAL AND CONTROL SET-UP</b></p> <ul style="list-style-type: none"><li>➤ presentation of the <i>action plan</i> to the COMPANY's Board of Directors;</li><li>➤ evaluation of the corporate structure, organizational structure and control system, as well as of the operating methods used by the COMPANY for processes of greater importance.</li></ul>

<b>PHASE 2</b>	<p><b>SURVEY OF SENSITIVE PROCESSES AND ACTIVITIES</b></p> <ul style="list-style-type: none"> <li>➤ identification of the processes and activities in the context of which the underlying offences may theoretically be committed (so-called <b>sensitive</b> processes/activities, the list of which is contained in separate documents);</li> <li>➤ identification of the <b>key officers</b>, i.e. the persons who, on the basis of the functions and responsibilities assigned to them, have an in-depth knowledge of the <b>sensitive activities</b>, the operating methods adopted and the relative controls, for the carrying out of targeted interviews.</li> </ul>
<b>STAGE 3</b>	<p><b>INTERVIEWS OF KEY OFFICERS</b></p> <ul style="list-style-type: none"> <li>➤ execution of targeted <b>interviews</b> with <i>key officers</i> to allow identification of the sensitive activities and practices (even if not formalized in specific procedures) followed by the COMPANY, as well as the controls and controls currently in place.</li> </ul>
<b>STAGE 4</b>	<p><b>GAP ANALYSIS</b></p> <ul style="list-style-type: none"> <li>➤ summary of the picture that emerged from the interviews with <i>key officers</i> and the results of the organizational analysis;</li> <li>➤ identification of the risks of offences; recognition of situations of <sup>30</sup>possible criticality and suggestion of organizational and procedural <u>measures</u> to strengthen the internal control system.</li> </ul>
<b>STAGE 5</b>	<p><b>DRAFTING OF THE MODEL</b></p> <ul style="list-style-type: none"> <li>➤ preparation of the organizational model, in light of the most authoritative guidelines and in accordance with the main case law and doctrine on the subject.</li> </ul>

### 3.4. The structure of the Organization, Management and Control Model of CONCERIA NUOVA OVERLORD S.P.A.

CONCERIA NUOVA OVERLORD S.P.A. has adopted its own Model on the basis of the most recent regulatory interventions and the main jurisprudential and doctrinal indications on the subject of administrative responsibility of corporations, applying the core principles of the subject to its own organizational peculiarities; thus, the COMPANY has implemented an ulterior and articulated organizational protection against the possibility of committing offences in the exercise of its own business activity.

As anticipated, the Model consists of a General Section and several Special Sections, in addition to the Code of Ethics. The **General Section** contains:

- a) illustration of the regulatory framework of the Decree;



- b) a description of the COMPANY's organizational structure;
- c) identification of the recipients of the Model;
- d) the definition of the structure and functioning of the Supervisory Body;
- e) a report of the information flow channels within the COMPANY;
- f) an indication of the training and communication activities aimed at staff;
- g) the description of the disciplinary system, suitable for sanctioning profiles of deviance and transgression of the Model itself.

The **Special Sections** identify the sensitive areas or activities within the COMPANY - i.e. those areas with a higher level of risk of commission of offences - and the underlying offences that may potentially be committed therein. Each Special Section therefore contains a description of the existing procedures and controls, with specific protocols aimed at preventing the commission of underlying crimes.

#### 3.4.1. The organizational structure of CONCERIA NUOVA OVERLORD S.P.A.

The organizational structure of CONCERIA NUOVA OVERLORD S.P.A. with reference to the responsibilities assigned, the lines of functional reporting and hierarchical dependence<sup>31</sup>, is adequately formalized and graphically represented by the company organization chart.

#### 3.4.2. Control principles

In adopting the Model, the COMPANY intended to crystallize:

- the formal definition of the tasks and responsibilities of each company function, with particular reference to those involved in sensitive activities at risk of offences;
- the allocation of decision-making responsibilities in a manner commensurate with the powers and degree of authority conferred;
- the principle of segregation of duties in the management of individual sensitive activities, assigning to different parties the crucial phases represented by the **initiative, authorization, execution, control and archiving**;
- the precise regulation of the activities at risk of offences, by means of specific procedures which provide, among other things, for appropriate control measures (checks, reconciliations, etc.);
- the precise documentation of the controls carried out, ensuring the possibility of reviewing the verification activities carried out and assessing the consistency of the adopted methods and the correctness of the results obtained;





- the verifiability of each operation or transaction, so that it is possible, by means of appropriate documentation, to assess its consistency and appropriateness and to identify the related responsibilities. To this end, it is necessary to ensure that each activity can be traced by means of an adequate documentary support, which is always available for consultation and check. The traceability of operations is ensured by a higher level of certainty through the use of IT systems (e.g. internal *e-mails*). Consequently, for any operation it shall be easy to was responsible for:
  - a) the proposal/initiative;
  - b) the authorization;
  - c) the implementation/execution;
  - d) the control;
  - e) the registration/archiving.

### 3.4.3. The cash flow management system

Case law, including foreign case law, shows how the commission of many of the predicate offences is often made possible by the incorrect management of financial flows; for this reason, the Decree requires that the organizational models provide for "*methods of managing financial<sup>32</sup> resources suitable for preventing the commission of offences*"<sup>29</sup>.

In order to prevent the improper management of financial resources, the COMPANY provides for the separation, suitably formalized, of tasks in the key phases of the relative process (of initiative, authorization, execution, control and archiving). In particular, with regard to each individual operation, the traceability of the acts and the relative decision-making process is foreseen, with precise recognition of the authorization levels, articulated in different ways depending on the nature and value of the operation; in addition, the competent company functions only proceed to make payments after having recognized the relative supporting documentation (e.g. order, contract, letter of assignment, delivery note, invoice), ensuring, lastly, a systematic comparison between the accounting results, internal accounts and bank exposures.

### 3.4.4. Prevention principles and protocols

To integrate and further define the principles and values expressed in the Code of Ethics, the Model of CONCERIA NUOVA OVERLORD S.P.A. outlines the **prevention principles that** inspire both the **general prevention protocols**, provided for in the General Section, and the individual **specific prevention protocols**, indicated in the Special Sections.

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<sup>29</sup> See Article 6, paragraph 2, letter c) of the Decree.



In particular, the COMPANY IS inspired by the **principles** of:

- **Regulation**, such that company operations are punctually regulated by formalized procedures that clearly indicate the principles of conduct and the operating methods for carrying out sensitive activities;
- **Traceability**, so that: (1) company operations are adequately documented and the relative documentation is correctly archived, kept in such a way as to not allow subsequent modification without specific evidence; (2) each operation is verifiable afterwards, therefore by means of the archived documentation it is possible to accurately reconstruct the decision-making and authorization process underlying the same as well as identify the relative responsibilities;
- **Segregation of duties**, with the intervention of several different parties for each transaction, who are responsible, respectively, for the proposal, authorization, execution and control of the same as well as the filing of the related documentation.

Finally, the authorization and signatory powers assigned within the COMPANY are: (1) consistent with the organizational and managerial responsibilities assigned, providing for the indication of the approval thresholds for expenses; (2) clearly defined and known within the COMPANY and adequately publicized externally. The corporate roles to which the power to commit the COMPANY financially is assigned are precisely defined, also specifying the limits and nature of the same.

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#### **3.4.4.1. General prevention protocols**

With respect to sensitive activities, for which reference should be made to the Special Parts, the **general prevention protocols** provide that for all operations

- management, coordination and control responsibilities within the company are formalized;
- the assignment and exercise of powers within a decision-making process is congruent with the positions of responsibility and with the significance of the underlying economic transactions;
- access to and intervention on the COMPANY's data - as well as access to documents already archived - is permitted exclusively to authorized personnel, in accordance with current legislation (including European legislation);
- confidentiality in the transmission of information is ensured.

#### **3.4.4.2. Specific prevention protocols**

Each sensitive activity (as indicated in the Special Parts) is punctually regulated by specific protocols aimed at minimizing (or eliminating where possible) the risk of the commission of underlying crimes. The subjects indicated in the protocols are required to promptly inform the



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Supervisory Body in the event of particular critical situations relating to the effectiveness, adequacy and implementation of the preventive protocols.



## CHAPTER 4 - THE SUPERVISORY BODY

SUMMARY: **4.1.** The Supervisory Body of CONCERIA NUOVA OVERLORD; **4.2.** General principles regulating the Supervisory Body of CONCERIA NUOVA OVERLORD S.p.A.; **4.2.1.** Appointment and termination of members; **4.2.2.** Causes of ineligibility and forfeiture of office; **4.2.3.** Renunciation, replacement and revocation; **4.2.4.** Discipline of the Supervisory Body; **4.2.5.** Conflicts of interest; **4.2.6.** Compensation and reimbursement of expenses; **4.2.7.** Spending powers; **4.3.** Functions of the Supervisory Body; **4.3.1.** Duties and powers of the Supervisory Body; **4.4.** Information flows to the Supervisory Body; **4.4.1.** Information flows directed at the Supervisory Body; **4.4.2.** Information flows from the Supervisory Body; **4.4.3.** Reporting; **4.5.** Information management.

### 4.1. The Supervisory Body of CONCERIA NUOVA OVERLORD S.P.A.

For the purposes of the exclusion of liability pursuant to the Decree, the entity is required to establish an internal body<sup>30</sup> with autonomous powers of initiative and control. This body - referred to in practice as the "Supervisory Body" (hereinafter also referred to as the "Body" or "SB") - must be entrusted with the task of supervising the functioning of and compliance with the Model, as well as updating it.

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The most up-to-date best practices - and the main case law precedents - suggest that this body is different from the administrative body and the internal control body; it can have a collegial nature, contemplating the co-presence of external members (among whom it is advisable to elect the Chairman) and internal members of the entity, or a monocratic nature.

In particular, the Supervisory Board must possess, as a whole, the requirements of:

- 1) **autonomy and independence**, such that the Organism, in order to verify the observance and correct application of the Model, can undertake any initiative of control, with the possibility of accessing without any limitation all the company information - held by anyone - considered relevant by the same. In order to avoid any type of interference and/or conditioning on the part of any representative - senior or subordinate - of the COMPANY, the Supervisory Body is set up as a *staff* unit with respect to top management; its members have no operational tasks and do not take part in any company activity or decision;
- 2) **professionalism**, so that the members of the Body must have - on the whole - adequate technical skills in legal matters, with particular regard to company law or criminal law, as well as in terms of internal control systems;

<sup>30</sup> Article 6, paragraph 1, letter b) of the Decree.



- 3) **continuity of action**, so that the activity of the Supervisory Body is dedicated exclusively and constantly to the supervision of the Model, also through meetings to be held at suitable intervals.

## 4.2. General principles regulating the Supervisory Body of CONCERIA NUOVA OVERLORD S.P.A.

### 4.2.1. Appointment and termination of office

In accordance with the indications contained in the Decree<sup>31</sup>, and considering its own organizational structure as well as the interpretative evolutions of doctrine and jurisprudence, CONCERIA NUOVA OVERLORD S.P.A. intends to appoint a **collegial Supervisory Body**, made up of three external members, who possess the necessary characteristics of professionalism, honorability, independence and autonomy of action, as well as having the appropriate skills in criminal law, *compliance* and company control.

The Supervisory Body is appointed by the Sole Director and remains in office for three financial years, ceasing to perform its duties on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of the term of office. Even if the term of office has expired, the Supervisory Body remains in office - under a regime of *extension* - until new 6 members are appointed. The members of the Supervisory Board may be re-elected no more than three times.

### 4.2.2. Causes of ineligibility and disqualification from office

The appointment as a member of the Supervisory Body of CONCERIA NUOVA OVERLORD S.P.A. is subject to the absence of causes of ineligibility such as:

- 1) the exercise of administrative functions, even without delegated powers, in favor of the COMPANY or subsidiary/associated companies;
- 2) the existence of relationships of kinship, marriage (or situations comparable to the same) or affinity up to the fourth degree with members of the corporate bodies (Sole Director and Board of Statutory Auditors) of CONCERIA NUOVA OVERLORD S.P.A. and/or other subsidiaries/associated companies, with persons appointed to carry out statutory audits of the accounts and with those who exercise top management or control functions in the Company;
- 3) the existence of situations of conflict of interest - even potential - with the COMPANY such as to prejudice the independence required by the function;

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<sup>31</sup> See Article 6, paragraph 1, letter b) of the Decree.



- 4) the ownership, even indirectly, of shareholdings of such a size as to enable the exercise of a dominant or significant influence over the COMPANY or other subsidiaries/associates<sup>32</sup>;
- 5) having been convicted of a crime, even if the conviction is not final, or has been convicted of a crime (e.g. a plea bargaining sentence or a criminal conviction decree), in Italy or abroad:
  - (a) for the crimes referred to in the Decree;
  - (b) for other offences relating to professional integrity;
  - (c) which entails - as an accessory penalty - disqualification, including temporary disqualification, from public office, or temporary disqualification from the executive offices of legal persons and companies.

At the time of accepting the appointment, the member must certify, by means of a declaration to be submitted to the Sole Director for evaluation, that there is no reason for ineligibility. The recurrence of a reason for ineligibility determines, if the appointment has already taken place, the automatic disqualification from the office, of which the Sole Director must be promptly informed for the appropriate determinations and the reconstitution of the Body.

#### 4.2.3. Renunciation, replacement and withdrawal

The members of the Supervisory Board may resign from office at any time, with the obligation to notify the Sole Director in writing, who shall promptly replace the resigning member; the resigning member shall continue in office under a regime of *extension* until the effective replacement.

The Sole Director may revoke a member of the Supervisory Board only for just cause, subject to the approval of the Board of Statutory Auditors. At the same time, the Sole Director must replace the revoked member. The Supervisory Board is protected against any form of retaliation and/or discrimination due to performed functions.

#### 4.2.4. Discipline of the Supervisory Body

The Supervisory Body adopts its own **regulations**, in which it establishes in detail the methods and timing of its functioning, with particular regard to the regulation of inspection and supervisory activities, of any meetings with other corporate functions and/or with the Corporate Bodies, and of the information flows to and from the various corporate functions.

#### 4.2.5. Conflicts of interest

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<sup>32</sup> See Article 2359 of the Italian Civil Code.



In the event that, in the performance of his duties, a member of the Supervisory Board is in a situation of potential or current conflict of interest with the COMPANY with respect to a single activity, he must abstain from the relative task, notifying the Sole Director immediately.

In this case, if necessary, the Sole Director shall appoint another member, who shall replace the member who has abstained, solely for the exercise of the functions and/or individual activities in which the conflict of interest arose.

#### 4.2.6. Compensation and reimbursement of expenses

The Sole Director establishes, at the time of appointment or by subsequent resolution, the remuneration due to the members of the Supervisory Board. In any case, the expenses incurred by the members of the Supervisory Board in the performance of their duties must be reimbursed, in the presence of adequate supporting documentation.

#### 4.2.7. Spending powers

In order for the Supervisory Body to be characterized by effective autonomy of action and independence, it is provided with an adequate annual *budget*, approved by the Sole Director on the proposal of the Body itself. The financial resources made available in this way may be used by the Body for any requirement necessary for the correct performance of its duties, and it must <sup>38</sup>report to the Management Body on their use. Furthermore, in the presence of proven and justified reasons, the Body may exceed the *budget* at its disposal, subject however to the need to obtain *ex post* ratification by the Sole Administrator.

### 4.3. Functions of the Supervisory Body

In carrying out its functions of supervising the functioning of and compliance with the Model, as well as ensuring that it is kept up to date, the Body is assured the full support of all the Company's functions and structures, as well as of the COMPANY's collaborators and consultants, including external ones; in the same way, in carrying out its functions, the Body may also make use of the work of external consultants specifically appointed by the same, always under its direct responsibility and supervision.

No body or function of the COMPANY is permitted to review the merits of the work and activities of the Supervisory Board; nevertheless, the Sole Director must verify that the Body carries out the tasks assigned to it, since, in the final analysis, the responsibility for the functioning and effectiveness of the Model rests with the Management Body.

#### 4.3.1. Duties and powers of the Supervisory Body



The Supervisory Body exercises **powers/duties**:

- 1) **of inspection and verification**; in order to adequately control the sensitive areas and activities, as well as the effectiveness of the control measures, the Supervisory Body may carry out investigations, checks and inspections, both periodically and in response to specific needs (for example, following any reports), including unannounced. The Supervisory Body may proceed individually or with the support of other control functions of the COMPANY and/or of external consultants (always under the direct supervision and responsibility of the Supervisory Body); for this purpose, the Supervisory Body may freely access any office, unit and/or management office of the Company and request any information, document or data concerning the COMPANY considered relevant, held by anyone;
- 2) **monitoring** of the actual degree of application of the Model as well as the capacity of the Model itself, on the one hand, to prevent the commission of the underlying offences and, on the other hand, to promptly bring to light any deviant conduct; the Body is also required to periodically reassess the mapping system of sensitive activities;
- 3) **of guidance and training**, as the Body can (and should):
  - (a) indicate to the competent company functions improvements to the control system and, more generally, to company procedures, in an effort to eliminate or mitigate the risk of offence; 39
  - (b) report to the Administrative Body the need to update the Model (with a detailed indication of the necessary corrective measures), in particular in the event of significant violations of its provisions or significant changes to the COMPANY's organizational structure, in the presence of new legislation and developments in case law, and in any other case the Body deems it appropriate;
  - (c) to promote, also with the help of other company departments and/or external consultants, the training of the Recipients of the Model, by means of special courses and meetings on the risks of offences connected with the activity carried out by CONCERIA NUOVA OVERLORD S.P.A;
  - (d) to propose appropriate methods of circulating the Model, also to third parties;
  - (e) provide, where requested, adequate clarification on the Model and - in general - on the regulatory system of the Decree;
  - (f) promote the institution of disciplinary proceedings in the event of ascertained violations of the Model.

#### 4.4. Information flows to the Supervisory Body





As previously stated, for the purposes of the suitability of the organization and management model, it is necessary to provide for "*obligations to provide information*"<sup>33</sup> to the Supervisory Body "*relating both to the performance of sensitive activities and to anomalous situations or possible violations of the Model*"<sup>34</sup>. In this regard, the main guidelines, as well as the relevant case law and doctrine, suggest that there should be specific information flows to the Supervisory Board, as well as specific reporting by the Body itself to the Corporate Bodies.

Information flows *to* the Body are divided into: **(a)** "predefined information flows", which take place periodically and come from company departments responsible for managing sensitive activities; **(b)** and "*ad hoc* or event-driven information flows", which must be carried out when particular events occur, such as, for example, news of the existence of criminal proceedings involving a senior or subordinate member of the COMPANY. Finally, a particular form of information flows to the Body is represented by reports of suspected violations of the Model.

In turn, the Body is required to periodically inform the Corporate Bodies of the supervisory activity carried out as well as of any violations of the Model, which is an essential step for the initiation of disciplinary proceedings.

#### 4.4.1. Information flows directed at the Supervisory Body

On a regular basis, the Supervisory Board must be updated by corporate functions on <sup>40</sup>the main information relating to the application of the Model in the context of sensitive activities. It has been said that the flows to the Body can be divided into periodic and *ad hoc* (or event-driven). As far as **periodic information** is concerned, the heads of the corporate functions represent the contacts of the Body in relation to the application of the Model in their respective functions. They are in charge of the ordinary *reporting* to the Supervisory Body: to this end, at least once a year, the heads of the corporate functions send a written report with a summary indication of the activities carried out and the degree of implementation and application of the Model in their respective areas of competence, indicating - in particular - any anomalies or criticalities encountered and the main events that occurred. With the same frequency, the Supervisory Body must be updated on any civil, criminal, administrative, tax or disciplinary proceedings in progress involving the COMPANY; with regard to the proceedings concluded, the Body must receive a precise report on the outcome (including archiving), with full details of the reasons, any sanctions imposed and the measures adopted. Similarly, the Body must be informed about any extraordinary operations carried out by the COMPANY.

With reference, on the other hand, to **event-driven information flows**, the Board must be informed in writing of: (a) any organizational announcements that may have been adopted; (b) organizational changes that have taken place in the context of sensitive activities; (c) the introduction or updating

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<sup>33</sup> See Article 6, paragraph 2, letter d) of the Decree.

<sup>34</sup> See National Council of Accountants Guidelines of December 2018.



of company procedures or guidelines. Furthermore, it must be promptly informed when particular events occur, and therefore in the case of:

- 1) measures, taken by any authority (ASL, Guardia di Finanza, Polizia Giudiziaria, etc.), from which it emerges that investigations are pending, even against unknowns, for any underlying offence and in which the COMPANY or one of its representatives is involved, whether top management or subordinate;
- 2) news, including press reports, on the existence of criminal proceedings, also against unknowns, whose facts are of interest to the COMPANY;
- 3) request for legal assistance forwarded by one of the Recipients of the Model in the event of legal proceedings, civil or criminal, for a predicate offence;
- 4) internal reports to company departments from which critical profiles may emerge regarding compliance with the Model and, in general, with the Decree.

In the cases indicated above, the Body must receive complete and detailed information, possibly supported by adequate documentation. Similarly, the Body must be regularly informed by the competent corporate functions of the COMPANY in case of:

- 1) any updating of the system of company proxies and powers of attorney (and related powers);
- 2) any significant changes to the COMPANY's organizational structure.

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#### 4.4.2. Information flows from the Supervisory Body

In exercising its functions, the Supervisory Body must:

- 1) inform, immediately and in writing, the Sole Director of any significant criticality or problem relating to the Decree;
- 2) report without delay to the Sole Director and to the Board of Statutory Auditors, for the appropriate measures, any ascertained violations of the Model that may result in the emergence of a liability for the COMPANY;
- 3) transmit, at the end of each financial year, a report to the Sole Director and the Board of Statutory Auditors, containing an indication of: (a) the activity carried out, with an indication of the *budget* used; (b) any anomalies and critical issues encountered; (c) any corrective or improvement initiatives implemented or to be undertaken; (d) the number of reports received; (e) the degree to which the Model is applied and complied with; (f) training on the Decree provided during the year in question; (g) the plan of activities to be carried out during the following year (alternatively, the plan of activities may also be contained in a separate document to be sent at the beginning of each year);



- 4) submit to the Sole Director, and if necessary to the Board of Statutory Auditors for their information, a half-yearly report on the progress of the plan of activities relating to the financial year in question, with precise indication of any changes made to it.

The Sole Director and the Board of Statutory Auditors may convene the Supervisory Body whenever they deem it appropriate, to report on specific events or facts or to discuss matters considered of particular importance in relation to the application and observance of the Model; minutes must be drawn up of the meeting and a copy must be sent to the Body.

Furthermore, the Supervisory Body may communicate the results of its inspection and supervisory activities to the heads of any corporate Function, if critical issues or areas for improvement emerge, with possible indication of the measures suggested to the Administrative Body. If approved by the Administrative Body, the managers of the corporate Functions are required to eliminate the criticality detected and to adopt the improvements reported, providing the Body with an action plan indicating the relative timeline.

#### 4.4.3. Alerts

The proper functioning of the Model requires that the Supervisory Body be promptly notified of all acts, facts, conduct and/or events that may constitute a violation of the Model. It must be reiterated that the Code of Ethics, even though it is the subject of a separate document, is an integral part of the Model, so that a violation of the same must also be reported to the Body.

To this end, a special communication system is in place, through which the Supervisory Body must be promptly notified of any violation (or alleged violation) of the Model, even if only attempted. Reports, which may also be made anonymously provided that they are always in writing, must be duly substantiated and based on precise factual elements, indicating - where possible - the person responsible. In addition, the following must be promptly reported: **(1)** any conduct or practice that is not in line with the Model, even if not criminally relevant; **(2)** the commission - or well-founded danger of commission - of predicate offences.

Reports must be brought to the attention of the Supervisory Body: **(a)** by ordinary e-mail, by sending an e-mail to [odv@concerianuovaoverlord.com](mailto:odv@concerianuovaoverlord.com); **(b)** by written communication, sent to the registered office of the COMPANY, with the indication "*Confidential to the Supervisory Board - strictly personal*".

Without prejudice to the duty to forward the report to the Supervisory Body in accordance with the prescribed procedures, the personnel of CONCERIA NUOVA OVERLORD S.P.A. may also consider making the report to their immediate superior.

In any case, whistleblowers who report in good faith are protected from any form of discrimination, retaliation or penalization, and the correct fulfilment of the duty to report cannot lead to the initiation of disciplinary proceedings or the application of the relative sanctions. In the handling of reports, the identity of the person making the report shall always be kept confidential, without



prejudice to legal obligations and the rights of the COMPANY and of persons reported by mistake or with malice.

The contracts in place with external counterparties such as consultants, suppliers and collaborators, must provide for a duty to immediately report to the Supervisory Body if they: **(a)** become aware, in the exercise of their activities towards the COMPANY, of violations - even if only presumed or attempted - of the Model; **(b)** are asked by any COMPANY representative (senior or subordinate) to engage in conduct potentially divergent from the Model.

Voluntary failure to report to the Supervisory Body a violation (even if only attempted) of the Model or the commission of a predicate offence by a person who, as a Recipient of the Model, is aware of it because of his or her activity in favour of or on behalf of CONCERIA NUOVA OVERLORD S.P.A. constitutes a disciplinary offence expressly sanctioned by the Company's disciplinary system.

The reports are managed and stored by the Supervisory Body, which assesses them and decides at its discretion whether it is necessary to take action; in this sense, the Body may convene the person making the report and/or the person allegedly responsible for the conduct reported. Any determination made by the Body regarding the report must be duly justified in writing. Reports correctly received by the Supervisory Body are handled by means of a multi-stage procedure characterized by the utmost confidentiality:

- 1) First of all, the Body subjects the report to an initial assessment of its relevance, at the outcome of which it may: 43
  - a) file the report because it is not relevant for the purposes of the Decree, informing - however - the competent Company Functions if it is considered of importance for them and in any case providing the reasons in writing;
  - or
  - b) proceed to examine the merits of the report, if relevant for the purposes of the Decree;
- 2) secondly, having considered the report as relevant, the Body proceeds to analyze it, possibly initiating an investigation to be carried out - if necessary - also with the support of the competent company functions as well as external consultants. Where it considers it appropriate, the Supervisory Body may summon both the author of the report, if known, and the hypothetical responsible for the violation reported;
- 3) finally, once the assessment and, if necessary, investigation activities have been completed, the Body proceeds:
  - a) to file the report if the violation has not been established;
  - or,
  - b) to inform, by means of a specific written report, the Sole Director and the Board of Statutory Auditors of the violation ascertained, indicating the activity carried out, the



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critical points detected and any corrective actions to be taken; the Body shall also request the activation of the disciplinary procedure. In the same way, the Supervisory Body may also inform the competent corporate functions so that they may take their respective decisions.

The Supervisory Board shall inform the author of the report of the reception, initiation and conclusion of the investigation, without, however, communicating the outcome. On the contrary, the alleged author of the violation must be informed of the start and conclusion of the investigation in the cases provided for by law, by the Workers' Statute and, if applicable, by the applicable National Collective Contract.

### **4.5. Information management**

The Supervisory Board is required to manage and keep, in a special protected archive (computerized or on paper, the latter located at the registered office of the COMPANY), all data and information it comes into possession of or becomes aware of in the performance of its functions, including relations, reports and - above all - notifications. Such data must be kept in strict confidence, always by the Body, for a period of not less than ten years.



## CHAPTER 5 - CODE OF ETHICS

SUMMARY: **5.1.** The Code of Ethics of CONCERIA NUOVA OVERLORD S.p.A. ; **5.2.** Purpose of the Code of Ethics; **5.3.** Structure of the Code of Ethics.

### **5.1. The Code of Ethics of CONCERIA NUOVA OVERLORD S.p.A.**

CONCERIA NUOVA OVERLORD S.p.A. has also adopted its own Code of Ethics (hereafter, the "CODE"), containing the principles and values that inspire the entire company activity and to which the conduct of all Recipients must always conform in relations with third parties, when they operate on behalf of or in the interest of the COMPANY, and in relations with the COMPANY itself. Senior management constantly ensures that those under them respect the principles and values expressed by the CODE.

The Code of Ethics, even though it is the subject of a separate document, constitutes an integral and essential part of the Model, so that any conduct that deviates from the principles and values established therein constitutes to all intents and purposes a violation of the Model, with all the relative consequences (e.g. activation of the disciplinary system).

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### **5.2. Purpose of the Code of Ethics**

The set of rules contained in the Code of Ethics, conforming the company's behavior to particularly high ethical *standards* and marked by the utmost fairness and transparency, guarantees the possibility of safeguarding the interests of the various *stakeholders*, as well as preserving the image and reputation of the COMPANY, while ensuring an ethical approach to the market in which CONCERIA NUOVA OVERLORD S.p.A. operates.

### **5.3. Structure of the Code of Ethics**

The Code of CONCERIA NUOVA OVERLORD S.p.A. is divided into a first part, in which the principles of general scope are defined, and a second part, in which the rules of conduct are more clearly defined with respect to some specific areas (e.g., relations with personnel or with the P. A., or with suppliers etc.). or with suppliers, etc.).



## CHAPTER 6 - CIRCULATION OF THE MODEL AND PERSONNEL TRAINING

SUMMARY: **6.1.** Premise; **6.2.** Communication; **6.3.** Training; **6.3.1.** Apicals; **6.3.2.** Subordinates.

### 6.1. Premise

The effective implementation of the Model requires a wide circulation of its contents, as well as the principles that permeate the regulations provided for by the Decree, within the COMPANY. Similarly, the Model must be adequately brought to the attention of third parties who, for any reason, establish a legally relevant relationship with CONCERIA NUOVA OVERLORD S.P.A.

Effective knowledge of the Model within the COMPANY requires clear, complete and easily accessible communication and training activities. The Recipients of the Model, therefore, must be fully aware:

- of the risks of offences connected to the activity carried out by CONCERIA NUOVA OVERLORD S.P.A.;
- of the protocols and company procedures to be complied with, functional to the elimination or mitigation of the risk of the offence being committed;
- of the regulatory system provided for by the Decree; 46
- of the activity carried out by the Supervisory Body and its functionality;
- of the ethical principles to which they must conform their conduct when carrying out their activities in favor of the COMPANY (or on its behalf).

### 6.2. Communication

In order to allow for a widespread circulation of the Model, a **complete copy** of the same must be:

- provided in digital format to all COMPANY personnel, whether senior or subordinate, upon acceptance of the appointment or at the time of hiring, as well as at each significant update or modification thereof;
- posted on the company *intranet*;
- made available in hard copy at the offices, including secondary offices, and local units of the COMPANY.

The General Part of the Model and the Code of Ethics must also be

- published on the COMPANY's *website*;



- delivered - in digital or paper format - to suppliers, contractors, consultants and external collaborators. The relevant contractual agreements must include the acknowledgement and acceptance of the same, as well as the duty to comply with their principles and provisions.

### 6.3. Training

Training on the regulatory system of the Decree and on the Model must be suitably calibrated and diversified according to the recipients and must be provided on an ongoing basis; it is carried out by the Administrative Body, with the operational support of the Head of Human Resources and under the supervision of the Supervisory Body, which establishes the training program at the beginning of each financial year. All documentation relating to training must be kept by the Head of Human Resources.

#### 6.3.1. Apical

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The training of Corporate Bodies and personnel with management functions is ensured by means of special courses, provided in *e-learning* mode, which are accompanied by at least one face-to-face meeting during the financial year. These courses must include learning assessment methods.

#### 6.3.2. Subjects

The entire staff of CONCERIA NUOVA OVERLORD S.P.A. is required to be aware of the Model, the principles that regulate the regulatory system of the Decree, the protocols and company procedures as well as the risks of offences relating to the activities carried out by the COMPANY.

Training on the subject is provided by the relevant company departments under the supervision of the Supervisory Board, also with the help of external consultants, by means of special courses provided in *e-learning* mode, possibly supplemented by periodic face-to-face meetings.

Courses and meetings must include recording of attendance and *testing of* learning at a predetermined frequency.





## CHAPTER 7 - DISCIPLINARY SYSTEM

SUMMARY: **7.1.** Function of the disciplinary system; **7.2.** Violations of the Model and relative sanctions; **7.3.** Measures against "top management"; **7.3.1.** Members of Corporate Bodies; **7.3.2.** Executives; **7.4.** Measures against "subordinates"; **7.5.** Measures against third parties; **7.6.** Disciplinary proceedings.

### 7.1. Function of the disciplinary system

A further requirement of the Model, indispensable for the purposes of exemption from the administrative liability contemplated by the Decree, is the existence of a disciplinary system *"suitable for sanctioning non-compliance with the measures indicated in the model"*<sup>35</sup>.

The disciplinary procedure is managed by the Sole Director, as the employer, with the operational support of the Human Resources manager and, if necessary, in concert with the managers of the company departments to which the author of the hypothetical infringement belongs and - if necessary - with the aid of external consultants; the procedure may be initiated on the initiative of both the company management and the Supervisory Body, also following the reports received.

The Supervisory Body periodically verifies the adequacy of the disciplinary system and is constantly informed on the progress of any proceedings, starting from the contestation <sup>48</sup>measure. In particular, the Body is involved throughout the course of the disciplinary proceedings in an advisory capacity, in order to acquire any useful elements for updating the Model. Similarly, it monitors the actions taken by CONCERIA NUOVA OVERLORD S.P.A. against any person outside the COMPANY.

The disciplinary system is applied to any violation of the Model, even if it does not constitute a crime or a civil offence and, in any case, regardless of any pending criminal or civil proceedings. The disciplinary system of CONCERIA NUOVA OVERLORD S.P.A. is based on the utmost confidentiality and guarantees in all cases respect for the dignity and reputation of the subjects involved, in accordance with current regulations.

### 7.2. Violations of the Model and relative sanctions

The disciplinary system of CONCERIA NUOVA OVERLORD S.P.A. IS inspired by the principle of typicality, so that the conduct that can be considered a disciplinary offence is clearly indicated, as are the sanctions that can potentially be imposed. To this end, the rules of conduct contained in the Model are circulated as widely as possible. Therefore, disciplinary offences, subject to the relative sanctions, are:

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<sup>35</sup> See article 6, paragraph 2, letter e) and article 7, paragraph 4, letter b) of the Decree.



- the violation of internal procedures provided for or referred to by the Model, even if they do not determine the risk of a predicate offence being committed;
- violations of the prescriptions of the Model that determine the risk of one of the underlying offences being committed;
- the adoption of a conduct that does not comply with the prescriptions of the Model and that is unequivocally aimed at committing one or more underlying offences;
- the perpetration of predicate offences, likely to determine the concrete application against the COMPANY OF THE sanctions provided for by the Decree.

The disciplinary sanctions are diversified according to the author of the violation (top management, subordinate or third party), by virtue of the different relationship with the COMPANY; in compliance with the principles of gradualness and proportionality, the type and extent of the sanctions are progressively graduated and are proportionate:

- 1) the seriousness of the offence, which takes into account: **(a)** the overall conduct of the offender; **(b)** the detrimental effects caused to the COMPANY and/or the personnel, both in terms of economically assessable detriment and in terms of exposure to the risk of sanctions pursuant to the Decree; **(c)** the duties and functions concretely carried out by the offender, and therefore the degree of responsibility and autonomy entrusted to him/her;
- 2) the degree of intentionality of the conduct, intended - on the one hand - as voluntariness or - on the other - as negligence, imprudence, inexperience;
- 3) the possible recidivism, and therefore: **(a)** the existence of previous disciplinary measures for any infringement; **(b)** the repetition of the same infringement within the previous two-year period.

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In any case, in the concrete determination of the disciplinary sanction, the opinion of the Supervisory Body, the head of the Department to which the perpetrator of the violation belongs and any hierarchical superior must be sought; moreover, all the circumstances of the concrete case must be taken into consideration, always guaranteeing compliance with regulations - in particular, with the Civil Code and the Workers' Statute<sup>36</sup>- and the Articles of Incorporation.

Irrespective of the disciplinary proceedings, the COMPANY may always take action for compensation for damages suffered as a result of any breach of the Model.

### 7.3. Measures against top management

The disciplinary system of CONCERIA NUOVA OVERLORD S.P.A. FOR top management, i.e. those who exercise functions of administration, representation, management or control of the company, is

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<sup>36</sup> Law No. 300/1970.



structured differently depending on whether the perpetrator of the violation is a member of corporate bodies or an employee with executive functions.

### **7.3.1. Members of Corporate Bodies**

In the event of violations of the Model committed by a member of the Board of Directors and/or a Statutory Auditor, the Supervisory Body shall promptly inform the Sole Director and the Board of Statutory Auditors in writing, so that they may take the appropriate decisions and/or convene - in the most serious cases - the Shareholders' Meeting for the resolutions envisaged by the Civil Code and the Articles of Incorporation. In the event of inertia on the part of the Sole Director and the Board of Statutory Auditors in convening the Shareholders' Meeting, the Supervisory Body may directly inform the Shareholders of the violation found. The Body has the right to be admitted to participate in the relative Meeting. The Shareholders' Meeting shall assess, on the basis of the concrete circumstances and having consulted the Supervisory Body, the most appropriate measures to be taken, such as suspension from office and salary or revocation; in this regard, violation of the rules and principles of the Model may constitute just cause for revocation. The Supervisory Body must be punctually informed of the reasons underlying the decisions taken against the author of the violation.

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### **7.3.2. Managers**

With regard to managers who have committed an infringement of the Model or who have allowed it to be violated by their subordinates, the COMPANY rigorously assesses the persistence or otherwise of the fiduciary bond, as an element inherent in the managerial function.

If the violation is of such importance as to sever the bond of trust, dismissal shall take place. In particular, dismissal with notice shall take place when the manager has - in a grossly negligent manner - violated the Model or has failed to supervise subordinates, thus allowing them to violate the Model. On the other hand, dismissal without notice shall be applied when the manager has: (a) willfully failed to supervise his subordinates, thus allowing them to violate the Model; (b) willfully violated the Model; in this case, the seriousness of the violation is such as not to allow the continuation, even temporary, of the working relationship. The infringement is of significant seriousness whenever the conduct, even omissive, of the manager has exposed the COMPANY to the risk of being subjected to criminal proceedings and therefore to the sanctions provided for by the Decree.

### **7.4. Measures against subordinates**



The Model is one of the "*provisions for the execution and discipline of work*" to which employees must conform in carrying out their work<sup>37</sup>. Infringement of the Model's provisions by employees constitutes, pursuant to the CCNL, a disciplinary offence and is subject to sanctions, in compliance with the Workers' Statute and applicable regulations. The Model clearly sets out the conduct to be adopted and avoided, as well as the relative sanctions in the event of violation.

Failure by the worker to comply with the provisions of the Model is sanctioned by the application of the following measures depending on the seriousness of the infringement:

- verbal warning;
- written warning;
- fine (not exceeding four hours' pay);
- suspension from work and pay (up to a maximum of ten days);
- dismissal for misconduct with notice;
- dismissal for misconduct without notice.

Every act relating to the proceedings must be communicated to the Supervisory Body for the assessments of its competence.

## 7.5. Measures against third parties

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All existing contractual relationships with the COMPANY (consultancy, collaboration of any kind, even if only occasional, internships, intermediation, supplies, tenders etc.) must provide for the acknowledgement and acceptance of the Model (understood as the General Section and Code of Ethics) of CONCERIA NUOVA OVERLORD S.P.A. CONCERIA NUOVA OVERLORD S.P.A., as well as the duty of the contracting parties to respect the provisions of the Model and to report to the Supervisory Body (and if necessary, to the competent company functions of CONCERIA NUOVA OVERLORD S.P.A.) any violations of the Model that may occur in the manner provided for in the General Section of the Model. Furthermore, contracts may provide that the violation, by third parties, of specific provisions of the Model (and punctually referred to in the same agreement) may determine the termination - pursuant to art. 1456 c.c. - of the relative contract and the application of specific penalties. In this case, this is without prejudice to the possibility for CONCERIA NUOVA OVERLORD S.P.A. to act for compensation for damages suffered as a result of the infringement. Furthermore, the contracts foresee that, with regard to the third contracting party (natural person or legal entity) and in relation to the commission of a predicate offence, the infliction of a precautionary measure foreseen by the Code of Criminal Procedure or by the Decree or even the occurrence of a conviction (or application of the penalty at the request of the parties pursuant to the Code of Criminal Procedure) may determine the termination of the contract in accordance with the provisions of article 1456 of the Civil Code.

<sup>37</sup> See Articles 2104 and 2105 of the Civil Code.



## 7.6. The disciplinary procedure

The disciplinary procedure is managed by the Sole Director (as the sole employer), with the operational support of the Head of Human Resources. It is initiated on the initiative of the heads of the Company Functions or of the Supervisory Body. If the proceedings are initiated on the input of a Company Function, a preliminary phase of "pre-investigation" is required, conducted by the Supervisory Body which, within 30 days, after carrying out the appropriate checks, orders:

- dismissal, with written reasons, if the report proves to be unfounded;
- or
- the continuation of the proceedings at the pre-trial stage.

If the proceedings are initiated on the input of the Supervisory Board, the preliminary investigation phase is carried out directly. The Sole Director shall proceed with the specific written notification of the disciplinary offence; the subsequent preliminary investigation phase shall be conducted by the Human Resources Manager, possibly with the support of the Supervisory Board and/or the assistance of external consultants. Following the contestation, an adequate period of time must be guaranteed for the preparation of the defense in line with the provisions of the applicable collective bargaining agreement. The preliminary investigation must be concluded within 45 days from the notification of the offence, unless a longer period is necessary due to the complexity of the investigations, in any case not exceeding three months. This phase must include the hearing of the interested party and, if necessary, of the hierarchical superior and the head of the relative company management. If the disciplinary offence is ascertained, the Sole Director shall impose the disciplinary sanction by means of a reasoned measure, after hearing the opinion of the Supervisory Body, the Human Resources Manager and the hierarchical superior, if any, of the offender. Otherwise, the proceeding is closed with a provision, also with a reasoned decision, of dismissal.

Disciplinary proceedings against employees must comply with the procedures, provisions and guarantees provided for by the Workers' Statute (cf. art. 7) and, if concerning workers who do not qualify as managers, also with the agreed regulations (CCNL) on disciplinary measures.

Specifically:

- 1) no disciplinary measure may be taken against an employee without first contesting the charge and hearing the employee's defense;
- 2) for disciplinary measures more serious than a verbal warning, the employee must be notified in writing, with a specific indication of the facts constituting the infringement;
- 3) the worker must be allowed a reasonable period of time in which to submit his defense;
- 4) the disciplinary measure must be adopted and communicated to the employee within 15 days from the expiry of the time limit given to the latter to submit his/her counter-



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arguments. In the event of difficulties in assessing the counter-arguments, this period may be extended by 30 days;

- 5) if the offence is serious enough to result in dismissal, the employee may be suspended from work as a precautionary measure until such time as the disciplinary measure is imposed, without prejudice to the right to remuneration for that period;
- 6) any imposition of disciplinary measures must be justified and communicated in writing to the employee by registered letter;
- 7) Disciplinary measures may be challenged by the employee in accordance with the legislation (including contractual) in force.



## CHAPTER 8 - UPDATING THE MODEL

Since the Model is an "*act of issuance by the governing body*"<sup>38</sup>, amendments and additions to it are reserved to the Sole Director of CONCERIA NUOVA OVERLORD S.P.A. To this end, the governing body can avail itself of the support of the Supervisory Body and, if necessary, of external consultants who are experts on the subject. In particular, the Supervisory Body is required to constantly assess whether the Model retains the requirements of functionality over time and, if not, to suggest updates to the Board of Directors through proposals and timely observations.

The updating of the Model, therefore, is only promoted by the Supervisory Board, but is still the responsibility of the Sole Director. The need to do so is assessed by the Supervisory Board on an annual basis; nevertheless, it is necessary to do so in the event of:

1. changes to the COMPANY's internal organizational structure, also due to extraordinary transactions;
2. changes in the way business activities are carried out;
3. changes to previously identified sensitive activities or identification of new ones;
4. significant regulatory changes or significant changes in the jurisprudential interpretation of the Decree;
5. violations of the Model;
6. commission of the offences envisaged by the Decree by the Recipients;
7. detection of deficiencies, critical issues and/or gaps in the Model's provisions.

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<sup>38</sup> See Article 6, paragraph 1, letter a) of the Decree.