



FONDAZIONE PENTA ETS

Organization, Management and Control Model

ART.6 ITALIAN LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

“REGULATION ON THE ADMINISTRATIVE LIABILITY OF LEGAL ENTITIES”

GENERAL SECTION

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Fondazione Penta ETS

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INTRODUCTION

Subject and purposes

This organization, management and control model according to Italian legislative decree D. Lgs. 231/2001 (hereinafter also referred to as "**Model**") has been adopted for the purpose of preventing the commission — in the interest or for the benefit of the Fondazione Penta ETS (hereinafter also referred to as "**Foundation**" or "**Penta**") — of crimes identified under the above-mentioned decree by the following individuals:

- private individuals acting as a representative or senior executive of the entity (or of one of its financially and functionally independent business units), as well as any person who exercises de facto management and control of the entity ("top management");
- any person who works under the management or supervision of the above-mentioned top management.

The Model is a system consisting in a series of rules, procedures and protocols that aim to effectively counter — that is, reduce to an acceptable level — the risks of the above-mentioned crimes being committed, taking action to mitigate two decisive factors: i) the likelihood of the event occurring; and ii) the impact of said event. The system has thus been built taking into account the Foundation's legal, organizational and operational situation.

Scope and Recipients

Penta has put into place the Model in line with Italian law (D. Lgs. 231/2001) as a measure intended to absolve the Foundation from corporate criminal liability, while the path undertaken for its development, adoption and implementation caters to the need to ensure that — in its dealings with all the Foundation's stakeholders — Penta has a sustainable organization that meets standards of legality and transparency, and is geared towards continual improvement.

This Model applies to all activities managed by the Foundation.

In terms of Recipients, this Model applies to all persons who, within the Foundation, qualify as "top management" and to those persons who work under the management or supervision of the aforementioned.

In line with the goals of prevention and accountability, Penta shall be entitled to make all provisions of this Model, or any parts thereof, binding even on parties who, while not falling into the above categories, may assist the body in operations identified in the Special Sections of this Model as "sensitive activities".

GLOSSARY

At-risk areas (of activity)	The Foundation's areas of activity in which the risk of Crimes being committed is most likely.
Bodies/Entities	Foundations, Companies, Associations, Consortia etc. relevant under the Decree.
CCNL	Italy's national collective bargaining agreement.
Code of Ethics or Code	Code of Ethics adopted by the Foundation.
Contractors	Any person who acts in the name of and/or on behalf of the Foundation by virtue of a relevant contract or other contractual obligation or power of attorney, and who performs — directly or indirectly — activities connected to or affecting the Foundation's activity (e.g. consultants, independent professionals).
Crimes or Crime	Relevant Crimes according to the Decree.
Decree	Italian legislative decree (D. Lgs.) no. 231/2001 and its amendments.
Director(s)	Members of the Board of Directors
Disciplinary Wrongdoing	Conduct by the Employee in breach of the standards of conduct set forth in the Organisational Model.
Employees	All workers employed by the Foundation.
Foundation	Fondazione Penta ETS, having its registered office at Corso Stati Uniti n. 4, Padova (PD), Italy, tax number 92166930286.
Foundation's Corporate Bodies	The Founding Body, the Chairperson, the Deputy Chairperson, the Board of Directors, the supervisory body, the Foundation's statutory auditing body.

Function/Area	The Foundation's organizational structure.
Guidelines	Guidelines for the construction of organisation, management and control models set out in the Decree approved by the Confederation of Italian Industry (Confindustria) in the version updated from time to time and in force.
Suppliers	Any party, regardless of whether it is an individual or a legal entity, that the Foundation receives services of any kind from.
Notices	Communications submitted to 231SB listed in Chapter 3 section 3.10 of the Organisational Model.
(Organisational) Model	Organisation, management and control model adopted by the Foundation pursuant to art. 6 of the Decree.
Partner(s)	Parties with whom the Foundation is in a partnership or has a mutual collaborative relationship, namely parties who play a role in the Foundation's projects, studies, research and activities, the Foundation's business or operational partners where they are contractually bound thereto and play a role in projects and operations.
Penta	Fondazione Penta ETS, having its registered office at Corso Stati Uniti n. 4, Padova (PD), Italy, tax number 92166930286.
Policy or POL(s)	The Foundation's internal work instructions.
Public Administration (or PA)	Any Public Administration, including relevant representatives in their capacity as Public Officials or Public Service Officers, in title and in fact, as well as members of EU Bodies and Officials of the European Community and Foreign Countries.
Recipients	Any person who is due to receive a copy of the Organisational Model, more specifically the Foundation's Corporate Bodies, Employees, Contractors, Suppliers and Partners.

Reports	Reports of wrongdoing that is relevant under the Decree and of violations of the Model as defined in Chapter 4, section 4.1 of the Model.
Sensitive Activities	Activities that may lead to the committing of crimes as laid out in the Decree.
Standard Operating Procedure(s) or SOP(s)	Procedures adopted by the Foundation
231SB or Surveillance Body	The Surveillance Body appointed pursuant to the Decree.
Whistleblowing Procedure	The Procedure adopted pursuant to art. 6, sections 2 <i>bis</i> , <i>ter</i> and <i>quater</i> , of the Decree (D. Lgs. 231/2001) as also given in chapter 4 of the Model.

PENTA'S ORGANIZATIONAL STRUCTURE

1. Foreword

The Foundation is a non-profit organization according to Italian law (decree D. Lgs. 4 December 1997 no. 460), established in 2004 by the formerly known as Comitato Assistenza e Ricerca AIDS Pediatrico ONLUS (committee for paediatric AIDS care and research, now operating as Fondazione C.A.R.A.P. ONLUS), the sole founder.

The sole purpose of the Foundation is to provide a benefit for individuals and the community, as well as undertake socially relevant scientific research, to serve the needs of the disadvantaged, whether sufferers or potential sufferers of paediatric diseases, by developing relevant biomedical research.

From its initial focus on HIV to the broader area of infectious children's diseases, paediatric vaccinations, antimicrobial resistance, etc., Penta has grown enormously over the years, without ever losing sight of its values.

More specifically, the Foundation's mission is to identify — through studies and research — and develop — through its network of Partners — effective procedures for the prevention, diagnosis and treatment of paediatric infectious diseases.

The Foundation's aim is to: (i) promote good health, improvement in quality of life, and optimal development of the potential of children who are sufferers or potential sufferers of infectious diseases, as well as all paediatric diseases, establishing itself as a centre for the coordination of the various healthcare providers in the field of diseases in children; (ii) develop, promote and support socially relevant scientific research in the field of study of infectious diseases in children, as well as paediatric diseases in general (as a body promoting, funding and taking direct responsibility for clinical trials, a coordinator, a collection, study, research and dissemination centre, which also involves publishing Italian and international literature on care in the field of paediatric infectious diseases, as well as correlated diseases); (iii) promote graduate training and ongoing training, as well as scientific dissemination and the promotion of a social culture that defends the rights of children, mothers and their families.

More specifically, to achieve its goals, the Foundation:

- arranges **research programmes** both domestically and internationally;
- coordinates **clinical drug trials** in accordance with Italian Good Clinical Practice guidelines (decree D.M. no. 162 dated 15 July 1997 and Italian Ministry of Health circular no. 15 dated 5 October 2000);

- carries out **studies and promotional** activities surrounding the welfare aspects of projects to benefit the disabled, through research projects, conferences, seminars, academic courses, while also helping bring together medicine and convergent welfare needs, promoting the engagement of academic bodies, cultural institutions, local bodies and other public and private institutions, in Italy and abroad;
- allows stakeholders to draw on its wealth of cultural knowledge and **promotes seminars and meetings** between researchers in order to foster exchange on ethical, social and welfare issues and, more generally, on any other issue concerning study and care in the area of paediatric diseases;
- sets up **awards and scholarships** within its area of research and promotes refresher and training initiatives aimed at operators involved — as part of the Foundation's activities — in providing care for all paediatric diseases, carrying out research and study activities, including on behalf of other Italian or foreign bodies or institutions.

The Foundation also performs additional activities (so-called "connected" activities) that are instrumental in achieving its institutional purposes.

Aware of the importance of having an organisational model in place pursuant to the Decree (D. Lgs. 231), designed to prevent wrongdoing, Penta has seen fit to prepare this Organisational Model in the belief that it represents, *inter alia*, a tool for improving its organizational setup, as well as an opportunity to make the Foundation's personnel aware — through the control of processes — of the need to prevent and/or stop the commission of Crimes, as well as to engage in correct and transparent behaviour.

While adopting the Policy is not compulsory under the Decree, rather a voluntary decision left up to each individual entity, the reasons mentioned above have informed the Foundation's decision to abide by the Decree's guidelines. Hence, this document constitutes Penta's Organisational Model, drawn up in compliance with the provisions of art. 6, section 1, letters a) and b) and section 2; and art 7, sections 2 and 3 of the Decree.

CHAPTER 1

1. Corporate criminal liability

1.1. Italian legislative decree (D.Lgs.) no. 231/2001 and its amendments

With Law no. 300 dated 29 September 2000, Italy has ratified the OECD Convention signed in Paris on 17 December 1997¹, the EU Convention signed in Brussels on 26 July 1995², and the EU Convention signed in Brussels on 26 May 1997³, delegating the government to draw up a piece of legislation that would set rules around corporate liability, which was not contemplated until then under Italian law, according to which only a private individual could be responsible for a crime⁴.

The Decree (**D. Lgs. 231/2001**), which has been in effect since 4 July 2001, **introduced** the "corporate liability of legal entities, companies and associations, including associations that have no legal personality" into Italian law. According to this form of liability, **entities (including companies, associations and foundations) can be summoned to answer for specific crimes**, committed by certain persons working for them (top management and/or individuals working under the management or supervision of top management), **where wrongdoing has been committed in their interest or for their benefit**.

This is a form of **liability quite separate from the criminal liability of private individuals who have committed wrongdoing, and results in independent action brought against the entity**, which may have sanctions imposed on it, whether pecuniary sanctions or banning and disqualification orders.

The Decree (D. Lgs. 231/2001), according to the recently reconstructed law and doctrine, aims to sanction so-called "**corporate fault**", where the term refers to a failure to take measures aimed at steering the organization's activities towards the prevention of predicate offences.

¹ OECD Convention signed in Paris on 17 December 1997 on the bribery of foreign public officials in international business transactions.

² EU Convention signed in Brussels on 26 July 1995 on the protection of the European Communities' financial interests and its protocols.

³ EU Convention signed in Brussels on 26 May 1997 on the fight against corruption involving officials of the European Communities or officials of Member States.

⁴ since, based on the principle sanctioned by art. 27 of the Constitution (according to which, criminal liability is personal), the extension of liability to entities was not contemplated, even where they had legal personality.

With the Decree, the Italian Government has set general principles and criteria for the attribution of corporate criminal liability, as well as sanctions and the relevant procedure for the ascertainment of crimes and imposition of sanctions.

1.2. Corporate liability and the individuals whose conduct is considered relevant

While corporate criminal liability is separate, it is still a direct consequence of an offence committed by a private individual. In this regard, only **conduct — constituting one of the predicate offences — engaged in "for the benefit or in the interest" of the entity** is relevant for the purposes of the Decree, regardless of whether it has or has not resulted in actual proceeds. Consequently, the Entity is not answerable if the individuals actually committing the crime have acted solely in their own interest or in the interests of a third party.

More specifically, **the Entity is liable for Crimes committed in its own interest or for its own benefit by:**

- **top management:** private individuals acting as a representative or senior executive of the Entity (or of one of its financially and functionally independent business units), as well as any person who exercises de facto management and control of the Entity;
- **subordinates:** these are private individuals who are working under the management or supervision of top management.

1.3. Crimes

Only the crimes expressly listed in the legislation — please refer to **Appendix 1** hereto for the relevant list — qualify as Crimes that can result in corporate criminal liability under the Decree.

1.4. Sanctions

The sanctions that can be imposed on the Entity for the commission or attempted commission — in its own interest or for its own benefit — of one of the Crimes are:

SANCTION	DESCRIPTION
Pecuniary sanctions	<p>There are pecuniary sanctions for each Predicate Crime, and they are proportioned on a "units" basis: for each Crime, the fine cannot be less than one hundred units and cannot be greater than one thousand. The judge determines the number of units, between the minimum and maximum determined by law for the specific Crime, taking into account the entity's liability as well as the action taken to eliminate or mitigate the consequences of the act and to prevent the commission of further wrongdoing.</p> <p>As set out in art. 11 of the Decree (D. Lgs. 231/2001), the amount of each single unit ranges from a minimum of 258.22 euros to a maximum of 1,549.37 euros and is determined by the judge based on the entity's financial standing and assets, to ensure that the sanction is effective.</p>
Banning and disqualification orders	<p>Pursuant to art. 13 of the Decree (D. Lgs. 231/2001), banning orders must be in place for no less than three months and no more than two years (except for the cases set out in art. 16 where the ban is permanent, and as set out in art. 25 regarding certain types of Crime). These sanctions can be imposed only for Crimes for which they are expressly legislated. For this type of sanction to be imposed, at least one of the following conditions must apply:</p> <ul style="list-style-type: none"> • the entity has profited significantly from the Crime and the Crime has been committed by top management, or the Crime has been committed by individuals working under the

	<p>management or supervision of top management, and the commission of the Crime has resulted from or been facilitated by serious organizational deficiencies;</p> <ul style="list-style-type: none"> ● there has been repeat wrongdoing. <p>The imposition of banning and disqualification orders may involve:</p> <ol style="list-style-type: none"> i) Ban on conducting business; ii) Suspension or revocation of permits, licences or concessions that have proved to play a part in the commission of the crime; iii) Disqualification from obtaining concessions, funding, grants and subsidies and/or revocation of those that have already been granted (if any); iv) Debarment from public procurement processes (except to obtain the performance of a public service); v) Ban on advertising goods or services.
Seizure	<p>Where there is a conviction, the price or proceeds of the crime or sums of money or other goods or assets of equivalent value can be seized, except any part that can be returned to the injured party, without detriment to the rights of third parties acting in good faith.</p>
Publication of the Conviction	<p>This may be ordered where a banning or disqualification order is imposed.</p>

1.5 Banning and disqualification orders for crimes identified under art. 25 of the Decree

Following the amendments made to the Decree by Italian law no. 3 dated 9 January 2019, important changes have been introduced regarding the sanctioning of crimes

identified under art. 25 — *Embezzlement, extortion, unlawful inducement to give or promise anything of value, bribery and abuse of power of office.*

More specifically, for certain specific crimes⁵, different sanctioning is in place depending on whether the crime is committed by so-called top management or by so-called subordinates (see sect. 1.8). If the crime committed is extortion, unlawful inducement to give or promise anything of value, or bribery, provisions are in place for the banning and disqualification orders mentioned in the paragraph above, as follows:

- minimum period of 4 years and maximum of 7 in the event top management engages in the conduct;
- minimum period of 2 years and maximum of 4 in the event a Subordinate engages in the conduct.

For the crimes identified under art. 25 of the Decree, the institution of so-called voluntary disclosure has also been introduced, pursuant to art. 25 sect. 5-bis of the Decree. Banning and disqualification orders for the crimes of extortion, unlawful inducement to give or promise anything of value, and bribery are shorter (namely, minimum period of 3 months and maximum of 2 years) in the event the Entity, prior to judgement of first instance, has taken steps to:

- avoid further consequences from the criminal activity;
- deliver evidence of the crimes and identify those responsible;
- surrender for confiscation any monies and anything else of value transferred;
- eliminate the organizational deficiencies that have resulted in the crime, by adopting and implementing adequate organisational models that are effective in preventing crimes of the same type as those under investigation.

1.6 Crimes committed abroad

Liability under the Decree also applies to Crimes committed abroad by an individual functionally linked to the Entity, provided that they are not prosecuted by the Government of the place where the Crime has been committed.

In the event the law legislates that the guilty party be punished by request of the Ministry of Justice, the Entity is only prosecuted where the request is also submitted to the actual Entity in question.

1.7 Corporate fault and the Organisational Models

For there to be liability under the Decree, an objective **connection must be established between the Crime and the Entity** and the Crime must be an expression of the policy of the Foundation or, **whatever the case, must result from a fault of the organization, in**

⁵ Art. 317, 319, 319, *bis*, 319 *ter*, 319 *quater*, 321, 322 Italian criminal code

the sense of an organizational deficiency that has made the commission of the Crime possible. To this end, **the Entity is required to adopt conduct policies** that are specifically tailored to the crime risk associated with the Entity and aimed at preventing — by setting rules of conduct — the commission of Crimes **An essential requirement for the adoption of the Model to result in absolution from liability is that said Model be implemented effectively.**

The regulations surrounding possible exemption from liability vary depending on whether the individual concerned is in top management or is a subordinate.

- Crime committed by top management

In the event the Crime is committed by said individuals, exemption from liability arises where the Entity demonstrates:

- a) that it has adopted and efficiently enacted through its governing body, prior to the offence, an adequate organisational and management Model Policy that is effective at preventing Crimes of the type under investigation;
- b) that it has tasked an internal unit — that has powers of independent initiative and control — with superintending the implementation of and compliance with the Policy, and with keeping it under review and up to date;
- c) that, in their actions, the individuals who committed the Crime fraudulently circumvented the Model;
- d) that there was no total or partial failure by the surveillance body (mentioned in lett. b above).

- Crime committed by subordinates

In this event, the Entity is liable if the commission of the Crime was made possible by a failure to fulfil management or supervision obligations. Nonetheless, non-fulfilment of management or supervision obligations does not apply if the Entity, prior to the Crime, has adopted and efficiently enacted an adequate organisational, management and control Model that is effective at preventing Crimes of the type under investigation.

With the adoption of this Model, it is the intention of the Penta Foundation to bring its organizational, management and control tools in line with the requirements of the Decree (D. Lgs. 231/2001), as well as:

- i) prohibit conduct that can constitute the crimes identified under the Decree;
- ii) promote a business culture founded on legality;
- iii) provide evidence of the existence of a transparent, effective and consistent organizational structure.

1.8 Sources for the compilation of the Model: regulations, Guidelines and control principles

The content of this Model has been set out in compliance with the regulatory dictates of the Decree (D. Lgs. 231/2001):

- under art. 6, which calls — with reference to the conduct of top management — for organisational, management and control models to meet the following requirements:
 - identify activities within the realm of which it is most likely that crimes will be committed;
 - identify specific protocols aimed at ensuring decisions are made and enforced by the Entity to prevent crimes;
 - determine adequate procedures for managing financial resources in order to prevent crimes being committed;
 - make it compulsory for people to report to the body tasked with superintending the implementation of and compliance with the Model;
 - introduce a suitable disciplinary system to effectively sanction non-compliance with the measures set out in the Model;
 - put in place:
 - one or more channels that allow the Recipients of the Policy's provisions to protect the entity's integrity by reporting wrongdoing, as contemplated under the Decree (D. Lgs. 231/2001), — with detailed reports founded on accurate and consistent facts — or violations of the Model that come into the knowledge of said Recipients in the performance of their functions; these channels shall ensure that the identity of the whistleblower remains secret throughout the handling of the report;
 - at least one alternative reporting channel designed to ensure, using IT procedures, that the identity of the whistleblower remains secret;
 - a regulation prohibiting acts of retaliation or discrimination — whether direct or indirect — against the whistleblower for reasons linked — directly or indirectly — to the report;
 - in the disciplinary system, sanctions on individuals who violate the measures in place to protect the whistleblower, as well as on individuals who, acting with intent or gross negligence, report breaches that then prove unfounded;
- under art. 7, which calls — with reference to the conduct of individuals working under the management and supervision of top management — for the model to have "*measures designed to ensure that business is conducted in compliance with the law and to detect and eliminate risk situations without delay*".

The Decree also provides that Organisational Models can be adopted based on codes of conduct (for example, Guidelines) drawn up by trade associations, approved by the Ministry of Justice by means of the procedure set out in the Decree.

In June 2021, the Confederation of Italian Industry (Confindustria) adopted the latest version of its "*Guidelines for the compilation of Organisation, management and controls Models pursuant to the Decree (D. Lgs. 231/2001)*", which can be narrowed down into the following **key points**:

- **identification of Risk Areas**, aimed at determining in which of the entity's areas/sectors of activity detrimental events as identified under the Decree may arise;
- **setting up of a control system** designed to prevent risks through the adoption of relevant protocols.

The **most significant components of the control system** identified by Confindustria in order to reasonably prevent the Crimes identified under the Decree being committed are:

A) With reference to wilful and malicious crimes:

- Code of Ethics;
- Organizational System;
- Manual and/or IT procedures;
- System of Delegating Functions and Powers;
- Control and Management Systems;
- Communication to personnel and their Training.

B) With reference to crimes committed without malice while nothing in this section will affect the information given for wilful and malicious crimes:

- Code of Ethics;
- Organizational Structure;
- Communication and engagement;
- Operational management;
- Safety monitoring system.

The **components of the control system** must meet the following **principles**:

- Each operation is to be verifiable, documented, consistent and appropriate;
- Application of the principle of segregation of duties (for instance, nobody can manage a whole process on their own);
- Documentation of controls;
- Having an adequate system in place to impose sanctions for breaching the standards of the Code of Ethics and of the procedures set forth in the Model;

- Determination of the requirements of the Surveillance Body, which can be summed up as follows:
 - a) Autonomy and Independence;
 - b) Professionalism;
 - c) Continuity of Action;
- Duty of reporting to the Surveillance Body.

It should be pointed out that no deviation from the specific points of the Confindustria Guidelines shall affect the validity of the Model. Given that each individual Model has to be compiled taking into account the **actual situation** of the Entity to which it refers, it is likely that the individual Model will deviate from the Guidelines that, by their very nature, are of a general nature.

In line with the corporate diligence and accountability mindset that has always informed the Foundation's activities, we have also taken into account industry standards and other widely adopted guidelines in the compilation of this Model, such as:

- related circulars adopted by CNDCEC (national body representing chartered accountants in Italy);
- standard UNI ISO 31000:2018 "Risk management", which offers a framework for risk management and the integration of risk management into the individual entities' organizational system, a framework that can also be applied to compliance risks;
- organizational standards for the implementation of industry procedures.

CHAPTER 2

2. Penta's Organisational Model

2.1 Compilation of Penta's Model

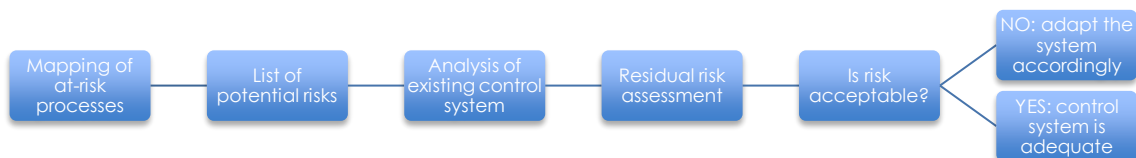
Based on the instructions provided by law, and those contained in the regulations, issued guidelines, and other relevant standards, the Foundation's current Model is the result of a three-stage analysis process, which can be summed up in the following stages:

- ◇ **risk assessment**: analysis to identify potential risks associated with the commission of predicate crimes in the interest or for the benefit of the entity; definition of risk severity;
- ◇ **as-is analysis**: identification of corporate measures already implemented by the entity that help reduce the risks mentioned in the point above;
- ◇ **gap analysis**: identification of supplementary measures to complete the framework of preventive controls and deal with all crime risks identified by the risk assessment.

The analysis was conducted by a working group comprising the management, in-house personnel and a team of independent professionals, who helped work through the various pieces of information gathered through the management, more specifically by means of:

- copying documentation provided by the Foundation;
- information gathered during interviews with the management, conducted over the course of a number of appointments, including responses to predetermined questionnaires;
- site visits to workplaces.

The diagram below summarizes the process involved in compiling the Model:



2.2 Methodology

Given the purposes that the organisational, management and control Model is required to fulfil, identifying potential risks associated with the commission of predicate crimes is a necessary first step in putting together the control system.

Conducting the analysis aimed at identifying specific risks relating to the entity's actual situation (legal, financial, operational and geographic) entailed a preliminary analysis of the context and preliminary check-up to assess:

- i) the entity's internal organizational context (business purpose and activities carried out, mission, governance, organizational structure, roles and responsibilities, policy, formalized standards and guidelines concerning the organizational structure and internal control systems; identification of operating processes);
- ii) the context outside the entity (presence of independent parties capable of influencing the entity's governance, relationships with bodies, being part of associations/networks, geographical location, main stakeholders).

The Foundation then went on to:

- identify the predicate crimes that could potentially be committed in the interest or for the benefit of the entity (with respect to its business purpose, activity carried out, geographical area of operation, subjective qualifications held by private individuals in top management or working under top management, or the entity's story);
- identify:
 - a. areas of activity/processes in which it is most likely predicate crimes will be committed, both directly, and indirectly in that they are preparatory or preliminary activities leading up to at-risk processes, taking into account the possible ways in which crimes may be carried out, with the aim of correctly planning preventive measures (so-called sensitive activities);
 - b. individuals to be targeted by monitoring and control activities (drawing a distinction between individuals with decision-making powers and those with operational powers);
 - c. the inherent risk associated with the commission of crimes (namely the risk relating to the commission of crimes contemplated under the Decree, without taking into consideration the control measures and systems in place).

The inherent risk IR is defined quantitatively in the following terms:

$$\text{Inherent Risk (IR)} = L \times S$$

"L" is the likelihood that a given type of wrongdoing be committed within the realm of the at-risk activity or process in question. The likelihood is directly linked to the following factors:

1. what industry the organization belongs to and in what geographical area the activity deemed at risk is carried out in;
 2. level of regulation of the process or activity;
 3. whether there are precedents (penalties or administrative sanctions pertaining to the performance of the at-risk activities in question);
 4. frequency with which the sensitive activity is carried out;
 5. financial impact of the at-risk activity or process (on the entity or on its stakeholders);
- "S" is severity and represents the potential damage that the commission of the predicate crime could do to the entity. The severity is directly proportional both to the sanction set out in the Decree (D. Lgs. 231/2001) and to the penalty provided for the predicate crime, and to the harm done to the principles and key values pursued by the entity.
- 5 levels of likelihood and 5 levels of severity have been defined (1): remote; (2) low; (3) medium; (4) medium-high; (5) high.

Based on the different levels of likelihood and severity, the IR can have the following values:

IR=LxS	S=1	S=2	S=3	S=4	S=5
L=1	IR=1	IR=2	IR=3	IR=4	IR=5
L=2	IR=2	IR=4	IR=6	IR=8	IR=10
L=3	IR=3	IR=6	IR=9	IR=12	IR=15
L=4	IR=4	IR=8	IR=12	IR=16	IR=20
L=5	IR=5	IR=10	IR=15	IR=20	IR=25

The Inherent Risk level is therefore determined in the following terms:

- $25 \geq IR \geq 16$ high risk;
- $15 \geq IR \geq 10$ medium risk;
- $9 \geq IR \geq 4$ moderate risk;
- $4 \geq IR \geq 3$ low risk;
- $2 \geq IR \geq 1$ remote risk.

The Foundation then went on to assess the preventive effectiveness of the existing control measures (ECM) with regard to the commission of Predicate Crimes, taking into consideration:

1. delegation of powers and functions;
2. rules surrounding hierarchical dependence and diversification of duties based on the segregation of activities, in compliance with the following control principles:

- a. *"each operation, transaction or action must be: verifiable, documented, consistent and appropriate";*
- b. *"nobody can manage a whole process on their own";*
- c. *"controls must be documented";*
- 3. formalized rules of conduct (for example, in a Code of Ethics);
- 4. formalized business procedures;
- 5. communication to personnel and documented training;
- 6. integrated monitoring and control systems.

When it comes to occupational health and safety, the characteristics that a safety management system must have in order to effectively absolve the entity from criminal liability in the event of commission of the offences identified under art. 25 *septies* of the Decree (D. Lgs. 231/2001) are governed by the regulations in force (art. 30 of Italian decree D. Lgs. 81/2008).

The suitability of protocols aimed at preventing wilful and malicious crimes, pursuant to the Decree (D. Lgs. 231/2001), is commensurate with the implementation of a control system designed so that the only way it can be circumvented is fraudulently.

A risk linked to the commission of predicate crimes may therefore prove acceptable in the event it appears to be remote based on the negligible likelihood of it arising given the specific organizational situation. A risk that has a greater likelihood of giving rise to the commission of wrongdoing may also be deemed acceptable where it is suitably mitigated by having appropriate control measures in place.

2.3. The Model's components

The Foundation's Model is an integrated organizational system, consisting of rules of conduct, procedures, protocols, measures and organizational units.

The Model is made up of the following components of a documentary nature and organizational nature;

Code of Ethics	<p>Sets out ethical principles that the Foundation has espoused as its own and that it expects all Recipients to follow.</p> <p>Contains the standards and ethical values that inform the Foundation's activities and its relationship with stakeholders.</p> <p>Forms the basis on which to build the management's philosophy and management policies.</p>
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	Contains basic standards of conduct, applicable to all the Model 's Recipients, aimed at preventing predicate crimes.
Model General Section (this document)	Contains the rules and regulations governing how the Policy works (compilation, adoption, implementation and updating) and its individual components, including the rules and regulations surrounding whistleblowing
Model Special Sections	Sorted by categories of predicate crimes, they contain information on general and specific protocols, procedures and organizational measures that are referred to by the Policy and consequently constitute an integral part thereof.
Delegation system / System for the assignment of powers and functions	All documents adopted by the entity aimed at defining the duties, functions and responsibilities of private individuals operating within the organization constitute an integral part of the organizational system, in line with the so-called principle of segregation of duties. Consequently, the following are components of the organizational system: <ul style="list-style-type: none"> - acts assigning administrative powers and powers of representation (Board resolutions, delegations of powers and functions); - job and skill descriptions; - internal documents assigning roles or responsibilities (e.g. appointment letters or notices).
Prevention regulations, procedures and protocols	Rules of conduct and internal management and control processes, formalized to ensure the Foundation's business is conducted in full compliance with regulations, as well as to detect and eliminate risk situations without delay.
231SB	The body, which has powers of independent initiative and control, tasked with superintending the implementation of and compliance with the Model, and with keeping it under review and up to date (sect. 4).
Documentation of 231SB's activities	The series of documents via which 231SB: regulates its own activities; keeps a record of its own activities; communicates with the Foundation's Board and with the organizational units.
Disciplinary system	This is the series of measures aimed at sanctioning the Recipients' non-compliance with the Model and relevant implementation procedures (sect. 5).
Training, information and instruction activities	The series of activities aimed at building the ability of the Recipients to apply the Model measures that apply to them (sect. 6).

2.3.1 System for the assignment of duties and delegation of powers

The Foundation carries out its activities through the board (Board of Directors), which handles the day-to-day running and administration of the Foundation.

All the Foundation's employees are made aware of the Foundation's organizational/functional structure by posting the Foundation's organization charts in the Foundation's records.

Where necessary, the Foundation puts a system in place for the assignment of duties and delegation of powers in order to ensure the efficient running of the business and prevent Crimes being committed within it.

More specifically, the relevant terms used are given below along with their meanings:

- **delegation system:** assignment of administrative powers, spending powers, and powers to represent the Foundation in connection with legal proceedings, including before the court (Board resolutions for the appointment of managing directors, delegations of powers and functions);
- **assignment of duties:** all documents adopted by the entity aimed at defining the duties, functions and responsibilities of private individuals operating within the organization, in line with the so-called principle of segregation of duties, such as
 - a. skill and job descriptions;
 - b. internal documents assigning roles or responsibilities (e.g. appointment letters or notices).

2.3.2 Delegation system

The delegation system must adhere to the following principles:

- delegations are only given to "suitable" individuals, namely individuals who are capable of carrying out the delegated task and have been assigned duties internally;
- where necessary, delegations are put in place by function and in compliance with assignments of duties;
- the delegations clearly describe the management powers granted as well as the spending powers and limits, where this is required in the performance of a delegated power;
- delegations can be given to individuals or legal entities (who will act through their own delegates, invested with the same powers);
- delegations must be updated without delay in the following cases:
 - a. extension of responsibilities and powers;

- b. transfer to new duties that are incompatible with those for which the delegation was originally given;
 - c. resignations, dismissal;
- delegations are assigned in compliance with all formal and substantive requirements laid down by the Italian regulations in force (e.g. art. 2381 of the civil code, articles 16 and 17 of decree D. Lgs. 81/2008) and identified by Italian law.

2.3.3 System for the assignment of duties

The system for the assignment of duties must adhere to the following principles:

- people who have particularly important dealings with third parties on behalf of the Foundation must be expressly assigned duties, where necessary;
- the tasks that Recipients of assigned duties are required to perform must be clearly defined;
- assignments of duties must:
 - a. include spending powers, where they are necessary for the performance of the duties assigned, to be adequate for the delegated functions;
 - b. clearly define the powers granted;
 - c. grant management powers to a "suitable person", namely a person capable of carrying out the assigned functions effectively;
 - d. grant management powers that are consistent with the person's responsibility and position as set out in the organization chart, as well as with the Foundation's objectives;
 - e. be kept up to date in line with organizational changes, and be consistent with the Foundation's organization chart;
- a system must be put in place to monitor how the powers and duties granted are being exercised.

The assignment of duties is clearly set out in the Board resolutions and in the documents prepared by the Foundation for the definition of each person's tasks (e.g. Job Descriptions). The documentation defining the duties of the main functions within the Foundation, as well as the responsible persons operating in the At-risk areas, is received by the people concerned. Should those with responsibility for the functions require powers of representation for the performance of their assigned duties, they are assigned a power of attorney that is consistent with the management powers assigned through the assignment of duties.

Each Recipient is expected to be familiar with the contents of the Foundation's Code of Ethics and Organisational Model (and hence with the provisions set out in Italian legislative decree (D.Lgs.) no. 231 8 June 2001 and its amendments), and undertake to

engage in conduct in line with the above-mentioned Code of Ethics and Organisational Model to the extent that they apply to each.

2.3.4. Verification of the system and documentation

At regular intervals, the Surveillance Body, together with the other competent functions, checks the system for the assignment of duties and delegations in force and ascertains whether the latter are consistent with the corporate communications system. In the event anomalies are encountered, 231SB shall report them to the Board of Directors and advise what changes are deemed necessary.

The system for the assignment of duties, and all delegations and assignments of powers are required to be clear and duly formalized in relevant documents that are made known to the Recipients and to which they are given access.

2.4. Implementation and purposes of the Model

The main principles of the Model must be identified with the:

- definition of a clear and transparent **Organizational System**;
- definition of an **Internal Regulatory System**, aimed at ensuring decisions are made and enforced by the Foundation to prevent crime risks;
- assignment of specific surveillance duties to the **Surveillance Body** to see that the Policy is performing effectively and correctly, that it is consistent with the objectives, and that it is kept under review and up to date (see Chapter 3 below).

The Model is put in place and implemented in order to prevent and reasonably limit the possible risks associated with the Foundation's business, especially regarding the commission of criminal wrongdoing as contemplated under the Decree (D. Lgs. 231/2001).

The purpose of the Model is also to instil in Recipients the importance of compliance with ethical principles, roles, operating procedures, protocols and, generally speaking, the Model itself, ensuring that anyone who operates in the name and on behalf of the Foundation in Sensitive Activities is aware that, should they violate the requirements of the Model, they may be committing a Crime for which they could be prosecuted, and for which the sanctions set out in the Decree (D. Lgs. 231/2001) could be imposed on the Foundation.

2.5 Updating the Model

Art. 6 lett. a) of the Decree rules that the Model is an "*act issued by the governing body*". Consequently, the Board of Directors is responsible for carrying out any amendment or updates that may be required following changes to regulations, to the organizational structure, or significant violations of the Model and/or where it is ascertained that said Policy is ineffective.

Whatever the case, the Model shall be verified at least annually by the Board to ensure it is actually up to date and effective, also taking into account any findings reported by the Surveillance Body in the performance of its activity.

2.6 Policy, Code of Ethics and Procedures: interrelations

The aim of the **Model** is to prevent, to the greatest extent possible, Crimes being committed by putting in place specific rules of conduct.

The **Code of Ethics** constitutes a general tool that shall inform the Foundation's management style and all its operations.

The Model and Code of Ethics are closely integrated, with the Code of Ethics forming an integral part of the Model, and together form a single, consistent body of internal regulations designed to encourage a culture of ethics, transparency and Crimes prevention.

Lastly, the Model is also supplemented with all the **procedures** ("**SOPs**") that are implemented, adopted and promoted by the Foundation each time and that, whether directly or indirectly, are aimed at regulating decision-making and operational activities in at-risk areas, strengthening its control mechanisms (preventive or after the fact). The Organisational Model takes precedence over the procedures if there is any conflict between them.

CHAPTER 3

3. The Surveillance Body

3.1 Identification and composition of the Surveillance Body

The Decree provides that, in order for the Entity to be absolved from corporate liability, an internal unit — given powers of independent initiative and control — must be tasked with superintending the implementation of and compliance with the Model, and with keeping it under review and up to date.

In the performance of its function, the Surveillance Body must have powers of independent initiative and control, must be free from interference or influence of any kind by any other of the Foundation's bodies, and must have a direct relationship with the Foundation's senior executives (Board of Directors) and with the supervisory body.

The Decree provides no instructions regarding the composition of the Surveillance Body, which may therefore operate as a monocratic or collective body, provided it is ensured that controls are effective for the Foundation's size and organizational complexity.

Whatever the case, 231SB's composition shall be determined each time, in order of preference, based on one of the following solutions:

- a) where the body is monocratic:
 - an independent professional shall be appointed to act as 231SB.

- b) where the body is collective:
 - the 231SB function shall be assigned to individuals and professionals from outside the Foundation;
 - the 231SB function shall be assigned to (i) an independent professional (to hold the role of Chairperson) assisted (ii) by another individual/professional from outside the Foundation or by a member of the supervisory body and (iii) by one of the Foundation's Area managers, in as high a hierarchical position as possible and reporting directly to the Foundation's Board.

Where 231SB operates as a collective body, it may comprise a minimum of three and a maximum of five members, one of whom shall act as Chairperson and one as Secretary, determined each time.

Whatever the case, depending on requirements and its composition (especially where the 231SB members all come from outside the Foundation's organizational structure), 231SB may ask the Board of Directors to identify a person within the Foundation to act as the "*Surveillance Body Contact Person*", tasked with handling administrative matters, and capable of assisting with and coordinating the Surveillance Body's activities, and who may also be tasked with carrying out operational control activities.

The provisions set out in the coming sections also apply where 231SB's composition is monocratic, as they are compatible with its single-person structure.

3.2 Individual qualities required of members of the Surveillance Body

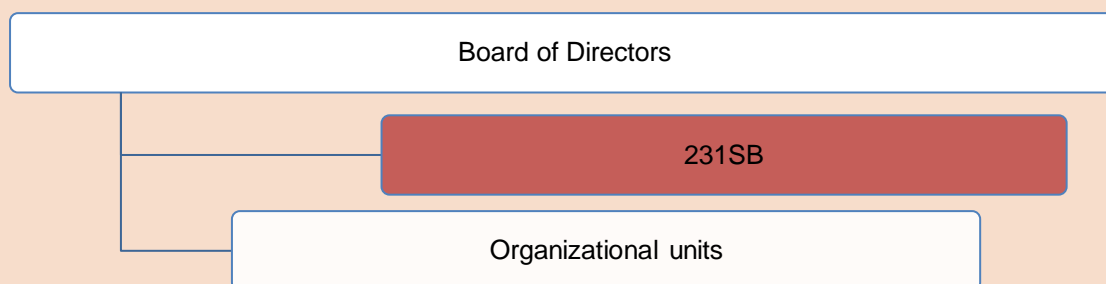
Based on the guidelines provided by law and by the codes of conduct adopted by trade associations, the Foundation appoints a 231SB that has the following required qualities:

- autonomy
- independence
- honourable conduct
- professionalism
- continuity of action.

Should any of the above-mentioned requirements not be met, or fail to be met in the future, this shall constitute grounds for 231SB's ineligibility and/or forfeiture.

Autonomy, independence and honourable conduct

231SB is characterized as a staff unit (with no operational, administrative or disciplinary duties within the entity), placed in as high a hierarchical position as possible and reporting directly to the Board.



The position held by 231SB within the Foundation is designed to ensure that there is no interference or influence by any of the entity's components.

For 231SB's members to have autonomy and independence, they must meet the following requirements:

- they must have no conflicts of interest, including potential conflicts, with the Foundation or with bodies controlled by it, that could compromise their independence;
- they must not be related to other members of the Foundation's boards, pursuant to art. 2399 of the Italian civil code;
- they must not have been in a civil service role under any central or local government in the three years preceding their appointment as a member of 231SB.

In order to ensure the autonomy and independence requirements are met, the dismissal of any employees invited to hold a position as a member of 231SB — during the performance of the aforementioned role and for six months following its termination — shall be referred to the Board of Directors for their binding verdict and duly justified (without detriment to the need for cause and justifiable grounds as required by the Italian regulations in force).

For 231SB members to meet the honourable conduct requirements, they must:

- not have held an executive director role, in the three financial years preceding their appointment as a member of 231SB, in firms that have gone bankrupt, have entered receivership or are the subject of any other insolvency or winding-up proceedings;
- not fall into any of the ineligibility or forfeiture categories as set out in art. 2382 of the Italian civil code;
- not be under investigation or convicted for predicate crimes;
- not be convicted — even where final judgement has yet to be passed — or have plea bargained, with a sentence that entails a ban, temporary or otherwise, on holding a public official role, or temporary ban from the executive offices of legal entities or companies;
- meet the honourable conduct requirements as set out in art. 2, section 1, letters a) and b) and section 2 of Italian decree DM 162/00.

Should any of the above-mentioned requirements not be met, or fail to be met in the future, this shall automatically result in the 231SB member becoming ineligible/forfeiting their role.

Professionalism

The Foundation selects the members of its own 231SB, checking regularly to ensure that they have the technical and professional expertise required to ensure that the powers and functions assigned to them are effective.

231SB's outside members are professionals of proven expertise and experience in corporate criminal liability matters, and may have a background in economy, law, business management or technical and scientific consulting.

Whatever the case, at least one of the 231SB members has expertise in the field of analysing control systems and systems of a legal nature.

To carry out its activities in the best possible way, 231SB can call on all internal structures (including the OHS manager and designated company doctor), as well as on any external consultants, which may also involve using the financial tools assigned to it.

Continuity of action

231SB must be in a position to monitor the Model constantly, at sufficiently frequent intervals to allow the Surveillance Body to detect any anomalous situations in real time, and in a systematic way (by means of the activity scheduling, planning, control and documentation tools provided for by this Model).

The Foundation strengthens the continuity of action of its 231SB by having either:

- one or more internal members included in 231SB's composition;
- or an internal contact function capable of coordinating 231SB's activities or coordinating with 231SB. Where 231SB comprises only outside members, the internal contact function will be the Legal Area.

There are permanent flows of information between 231SB, the Foundation's boards and the Model Recipients.

3.3 Appointment, taking office and termination of appointment

The Surveillance Body's members are **appointed** by **justified decision** of the Board of Directors, who determine whether the members meet the requirements of autonomy, independence, honourable conduct, professionalism and continuity of action.

231SB is appointed by the Board of Directors with a formal resolution, for a renewable term of three years, unless otherwise arranged.

Taking office

Once it takes office, 231SB will see to the following duties:

- checking correct **completion of formalities** associated with the approval of the Model and the appointment of 231SB;
- in the exercise of its powers of independent initiative, it adopts a set of **231SB regulations** that — in implementation of the provisions of the Model and Special Sections — regulates the following activities: functions of the chairperson in the event of a multiple-person 231SB; procedure for calling meetings; procedure for

- taking meeting minutes and keeping the minute book; determination of control intervals;
- adopts the first **Activity Plan**, in line with the contents of the Model and the priorities established by the management based on the findings of the risk assessment carried out prior to the Model's compilation/update.

Forfeiture, suspension and revocation

If the requirements to be met to avoid ineligibility/forfeiture as set out in section 3.2 are no longer met, the 231SB member shall be removed from their role.

In the event a 231SB member is also an employee of the Foundation, termination of employment will also constitute grounds for forfeiture.

Where 231SB's composition comprises multiple people, forfeiture of office by an individual member shall not, as a rule, result in the entire 231SB being removed, even where the causes determining forfeiture are attributable to the majority of members. Whatever the case, the Board of Directors shall take prompt action to reassess whether 231SB meets all the requirements and, where necessary, replace the person removed from office.

The Board of Directors, after first seeking the advice of the supervisory body, shall still be entitled to suspend or revoke the 231SB member's appointment in the following cases:

- violation of the Model and/or Code of Ethics;
- serious non-performance, as a result of negligence or malpractice, of the duties assigned;
conduct that is obstructive towards or non-collaborative with other members;
- institution of disciplinary proceedings for the imposition (or not) of sanctions as contemplated under this Model;
- unjustified absence from at least three consecutive 231SB meetings;
- failure to meet the reporting obligations set out in section 3.7;
- otherwise have interests that conflict, or even potentially conflict, with the Foundation and that could affect their autonomy and impartial judgement;
- any breach of the obligation of confidentiality surrounding information acquired in the performance of their functions, notwithstanding the reporting obligations expressly provided for by the Model pursuant to the Decree or other corporate documents, or otherwise provided for by law;
- any breach of the requirements set out in the Whistleblowing Procedure;
- one of the grounds for suspension persists for more than one year;
- any other serious offence that can qualify as "good cause".

Furthermore, where one of the banning or disqualification orders identified under the Decree is applied to the Foundation, as a precautionary measure, the Board of Directors — once it has gathered all relevant information — shall determine whether there are grounds for revocation of the 231SB members' appointment, where it identifies a total or partial failure by the surveillance body.

In the event of **termination of the appointment** of one or more 231SB members, by decision of the Board of Directors, said Board shall appoint the replacement member(s), at the first practical meeting after the announcement of the event, advising the supervisory body first. Pending the new appointment, 231SB will continue to perform its activity, where possible, with the members still in office. In the event the chairperson is replaced or unable to fulfil their role, the oldest regular member will take the chair until the new chairperson is appointed. The term of office of the new members expires at the end of the term of the members already in office.

The appointment of 231SB members, as well as their termination of office, must be recorded in the Foundation's Board of Directors minutes, indicating the personal details of each member, as well as their professional position. All Recipients must be notified of the appointment, as well as any termination, by the Board by means of email (with acknowledgement of receipt) and/or any other form of communication deemed appropriate.

231SB members shall act in the capacity of persons authorized to process personal data in accordance with EU Regulation 679/2016 and the Italian Privacy Act (D. Lgs no. 196 of 2003 and its amendments) with regard to the processing of personal data in the performance of the duties assigned to them pursuant to the Model.

It should be noted that, unless otherwise expressly stated in this Model, where 231SB is appointed as a collective body, its operation with respect to all other aspects is determined by the provisions of its regulations, which are approved by the 231SB in question and submitted to the Board of Directors.

3.4 Surveillance Body regulations

For the purposes of its operation, where 231SB operates as a collective body, it draws up and approves its own regulations by unanimous vote of its members; said regulations, along with any subsequent updates, are submitted to the Foundation's Board of Directors and to the supervisory body for their information. These regulations

shall also call for the Surveillance Body's members to commit to complying with the requirements of the Whistleblowing Procedure.

3.5 Salary, budget and operation

Any annual salary payable to 231SB members is decided by the Board of Directors at the time of their appointment and shall remain fixed for the entire term of office.

For the performance of its functions, 231SB has an **annual budget**, decided by the Board of Directors, and 231SB is required to report on its relevant spending to the Board annually.

Within said budget, 231SB is entitled to spend directly as required for the correct performance of its tasks. Said budget may be topped up, where 231SB submits a justified application, to meet particular unexpected and pressing needs.

In the performance of its tasks, 231SB may call on the services of other individuals, singled out within the Foundation for their specific expertise and knowledge, as well as external and independent professionals and consultants, while keeping to its budget.

231SB will also have access to the Foundation's IT system as a whole (network, applications, etc.) by using login credentials assigned for this purpose and/or through other users/administrators; 231SB will also have its own direct email address so that it might operate more effectively, especially with a view to protecting personal details and confidentiality, cataloguing and sending/receiving communications/Notices and Reports relating to the Whistleblowing Procedure.

3.6 Functions and powers of the Surveillance Body

231SB performs its functions entirely independently, not operating under any of the Foundation's other functions, or under top management, or under the Board of Directors, to which it is nonetheless required to report the outcome of its activities: hence the Surveillance Body acts according to the purposes assigned to it by Italian law, while its actions are informed by the pursuit of said purposes.

We should first point out that 231SB, in the performance of its tasks — and without detriment to any other activity required to this end — meets at regular intervals, at least twice a year, to check that the Model is being applied; this can include random checks of documents pertaining to areas at risk of crime; 231SB takes relevant minutes of said meetings;

The tasks assigned to 231SB are described below along with the relevant procedures for performance of the appointed duties.

Pursuant to art. 6 of the Decree, 231SB is **tasked** with the task of supervising:

- **the Model is effective** — namely that the consistency of the actual conduct of the Recipients is in line with the requirements of the Policy;
- **the Model is adequate** — namely that the Policy is actually effective at preventing prohibited conduct, taking into consideration the actual context in which the Foundation operates;
- **the Model is up to date** — namely 231SB is required to monitor actual changing situations or the addition of new crimes to the list that may result in liability for the Foundation, and suggest what amendments are required based on said changes.

More specifically, 231SB is required to perform the following **functions**:

- A.** checking correct completion of formalities associated with the approval of the Model and the appointment of 231SB;
- B.** monitoring the effectiveness of the Policy (namely that Recipients engage in conduct that is in line with the Model);
- C.** reviewing the Model's adequacy, in light of the regulations in force and reference standards;
- D.** analysing whether the Model continues to meet the requirements of being sound and functional over time;
- E.** dynamically promoting necessary updates to the Model through:
 - i) suggestions and proposals to accommodate changing requirements (major changes will be submitted to the Board, while lesser changes — such as amendments to procedures and protocols — will be submitted to the Management and relevant organizational functions);
 - ii) monitoring of implementation and updating activities;
- F.** handling flows of information, in its area of responsibility, with governing and supervisory bodies, organizational functions and other Recipients of the Model;
- G.** promoting and monitoring information and training initiatives designed to encourage Recipients to gain familiarity with the Policy, raise their awareness around compliance with the principles contained therein, as well as correct compliance with specific rules of conduct, procedures and organizational protocols contained in the Model;
- H.** prompting relevant functions to adopt disciplinary actions and impose sanctions where it is deemed that the Model has been breached;

- I. adopting the 231SB regulations and activity schedule, which identifies and plans the checking and monitoring activities that 231SB aims to carry out over the calendar year in question, indicating the relevant human, instrumental and financial resources;
- J. any other duty assigned by law or by the Model.

Based on the above, **231SB**:

- monitors the application of and compliance with the Model and Code of Ethics;
- monitors internal protocols associated with risk prevention and the development of correct conduct within the purview of the Model and Code of Ethics;
- periodically assesses the adequacy of incoming flows of information and constantly checks that the right information is being sent to the governing and supervisory bodies;
- receives and handles Reports according to the Whistleblowing Procedure;
- receives and handles the Notices as set out in section 3.10;
- plans and performs general periodic checks on the Foundation's business, in order to ensure constant and up-to-date monitoring of Sensitive Activities, focusing above all on newly introduced activities and processes;
- plans and performs targeted periodic checks on special operations, namely on specific actions performed within the area of Sensitive Activities;
- conducts internal investigations, both scheduled and spot, to check for any violations of the Model (as well as the investigations provided for in the Whistleblowing Procedure);
- working in conjunction with the Foundation's relevant Areas, encourages and promotes widespread adoption and understanding of the Model, using such tools as personnel training;
- handles all identified Policy violations according to the procedures and terms given in the coming sections (and, more specifically, in chapter 4 on the Whistleblowing Procedure);
- keeps an eye on the documentation prescribed by the Model to ensure it is effective and records are being kept properly;
- organizes ad hoc meetings with the Foundation's areas to constantly monitor activities within the Sensitive Activities;
- works with the Foundation's relevant areas on the identification and classification of Sensitive Activities;
- supports Model updating to reflect the evolution of regulations, organizational changes, and new developments in the Foundation's activities;
- promotes Model training and communication initiatives in line with the provisions of this document.

In order to perform the above-mentioned **duties** with the best results, **231SB**:

- coordinates with all areas/functions within the Foundation on a regular basis;
- depending on requirements, and with the approval of the Board of Directors, 231SB can call on its own operating structure within and/or outside the Foundation to which it can outsource tasks in order to perform operational control activities, working under the direction of 231SB;
- checks whether documentation and publications relating to and/or connected with the Model are available, which also serves ongoing refresher and training purposes.

In order to ensure that it continues to function properly, **the Foundation makes sure** that 231SB:

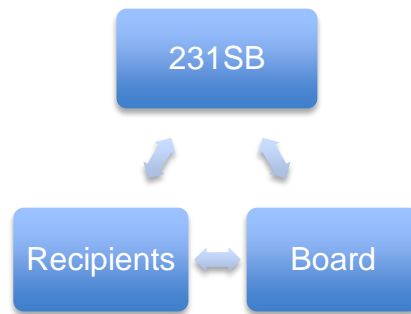
- cannot be censured in the performance of its activities by any of the Foundation's other bodies or structures, without prejudice to the governing body's right to superintend 231SB's actions to ensure they are adequate;
- can request or submit requests for information or communications to the Board or to the Chairman of the Board, to the supervisory body, as well as to any of the Foundation's functions;
- has full powers to conduct inspections and unrestricted access to all the Foundation's areas/functions — without the need for any prior permission — in order to obtain any information, document or data deemed necessary for the performance of its duties (which includes meeting the requirements of the Whistleblowing Procedure);
- can employ the services — under its direct supervision and responsibility — of any of the Foundation's structures and resources, or external consultants.

3.7 Flows of information

As set out in art. 6, section 1, lett. b) of the Decree (D. Lgs. 231/2001), the Model must include the duty of reporting to the body tasked with monitoring the implementation of and compliance with the policies, namely 231SB.

In the spirit of its hallmark organizational efficiency and social responsibility, the Foundation has decided to define and implement a circular structure for the flow of information that involves 231SB, the entity's top level (Board of Directors) and Model Recipients in order to:

- A.** make all levels of the organization aware of their responsibility of compliance with the Model;
- B.** improve transparency and internal accountability;
- C.** promote an ongoing review of the Model and improvement of control procedures.



231SB reporting

231SB reports to the Foundation's Board on the checking and monitoring activities it has conducted and relevant outcome, as well as on any critical issues detected through the following reporting lines:

A. **on an ongoing basis** to the Board of Directors (responsible for putting the Model in place and ensuring its continuing efficiency) regarding:

- i) detected violations of the Model;
- ii) detected violations of the law resulting in potential commission of crimes falling within the scope of the Decree (D. Lgs. 231/2001);
- iii) new corporate liability regulations;
- iv) the need or opportunity to amend or update the Model;

In the event reports concern violations by the Directors, 231SB shall report directly to the sole shareholder, as well as to the Board of Directors where the matter concerns the liability of individual directors;

B. **on a six-monthly basis** to the Board of Directors with a summarized report on the total checks performed, the use of any financial assets assigned, how well the Model is working, together with the activity schedule for the next six-month period (a copy of said report is also submitted to the supervisory body);

C. **on an annual basis**, 231SB submits a **Final report** to the Board of Directors on the activities carried out over the course of the past calendar year, documenting the activities performed:

- i) checking that the Model has been made available to Recipients, and personnel training;
- ii) handling of flows of information and collection of reports;
- iii) monitoring and overall assessment of the implementation and effectiveness of the Model, and of the need, if any, to bring the Model up to date;
- iv) use of financial means assigned, if any;
- v) conclusions.

A copy of the report is also forwarded to the supervisory body.

231SB is always on hand to answer any queries from the Foundation's boards and bodies.

The Board of Directors and supervisory body are entitled to convene a 231SB meeting at any time.

Flows of information to 231SB

231SB is sent information that falls into three categories:

- A. reporting of violations by Recipients of the rules defined by the Model; said information allows 231SB to assess and identify any violations;
- B. reporting of sensitive events; said information is intended to advise 231SB of the occurrence of sensitive events;
- C. submission of residual information, which does not constitute direct violations of the Model 's provisions or Sensitive Activities; said information can serve to help strengthen prevention protocols or identify Sensitive Activities that had not been identified as such before then.

The purpose of information provided to 231SB is to facilitate and improve the effectiveness of control activities, but it does not entail a systematic and thorough check of all cases reported. Unless otherwise stated herein, 231SB is responsible, at its discretion, for determining in what cases it needs to take action.

At any time, 231SB can set up information channels and consulting sessions for the purpose of going over significant issues with the managers of the relevant functional units.

A. Whistleblowing

All Model Recipients are required to advise 231SB — by means of prompt, thorough reports — in the event they detect wrongdoing founded on accurate and consistent facts, or violations of the Code of Ethics or the Model, that they have become aware of. A dedicated email inbox has been set up for 231SB to receive reports. Reports can also be sent in by regular mail, or handed directly to 231SB. All channels set up for this purpose are intended to ensure that the identity of the whistleblower remains secret, which is something that 231SB ensures throughout the report handling process.

Full details along with the physical postal address and details of any other communication channels are given with a relevant internal memo (forwarded to personnel and posted on the noticeboard), and are also posted on the Foundation's website.

Reports to 231SB must state the name of the person submitting the report (hence it must be possible to determine the identity of the whistleblower). Nonetheless, complaints submitted anonymously will still be taken into consideration, once 231SB has determined that they are reliable.

Once it has received the report, 231SB shall:

- record the report in its evidence register;
- conduct a preliminary examination of the report to determine whether it is founded;
- conduct investigations to determine whether there has actually been a violation (by way of example, 231SB can at any time summon the whistleblower to provide clarification, and consult the people allegedly responsible for the violation or other people who may have information on the events), and decide on one of the following courses of action based on its findings:
 - dismiss the report (advising the whistleblower thereof);
 - assess the severity, hence suggesting that the relevant governing and supervisory bodies/company functions take specific measures (namely sanctions and/or measures of a corrective/reparatory/preventive nature).

B. Reporting Sensitive Activities

Internal functions are required to report the performance of Sensitive Activities to 231SB, in the forms and according to the procedures set out in the Special Sections of the Model and in the organizational procedures to which they refer. Sensitive Activities can be reported to 231SB:

- by submitting a thorough, prompt notice at the time the sensitive event occurs;
- through periodic reporting.

Whatever the case, the Board of Directors is required to report to 231SB without delay:

- any proceedings instituted by the judiciary regarding crimes identified under the Decree (D. Lgs. no. 231/2001);
- measures taken by and/or information from investigative police bodies or any other authority from which it can be deduced that investigations are underway, even into persons unknown, for crimes identified under the Decree (D. Lgs. no. 231/2001).

C. Submission of residual information

All organizational functions and Model Recipients can report — formally or informally — operational and management difficulties or risks of a legal nature connected with the running of the Foundation's business, as well as any difficulties in complying with the rules, procedures and protocols defined by the Model.

The submission of said information, while not of a compulsory nature, can help improve 231SB's monitoring and its ability to assess whether it is advisable to extend/amend/eliminate/update the Model's clauses.

Whatever the case, it is the duty of each Recipient to forward any reports pertaining to general conduct or "practices" that are not in line with the rules of conduct set out in the Model or Code of Ethics.

3.8 Collection of documentation and record keeping

All minutes, correspondence, information, notifications and reports prescribed by the Model are kept by 231SB, which, in its record keeping, also complies with the data protection regulations (EU Regulation 2016/679 and Italian Privacy Act D. Lgs. 196/2003 and its amendments).

231SB is responsible for keeping a documentary record of its activities:

- A. in the minute book (whose storage location is governed by 231SB in its regulations) — a hardcopy register comprising progressively numbered pages — which contains a record of activities performed by the Surveillance Body, more specifically featuring: minutes of meetings and surveillance activity reports, dated and signed; activity schedules; reports submitted to the Foundation's boards and bodies; main communications; minutes of meetings with the Foundation's boards and bodies and with personnel;
- B. by keeping an electronic evidence register, recording: details of reports received; notes relating to the examination of Recipients; closing/clearing of submitted reports. Where the Surveillance Body has multiple members, the evidence register is kept by the 231SB chairperson.

The records are entered into a special database that is kept active only for as long as strictly required for the performance of the relevant tasks and, in any case, no longer than 10 years. Access to the database is granted only to 231SB, members of the supervisory body and members of the Board of Directors, except where said access may compromise 231SB's surveillance activities for crimes that involve members of said governing and supervisory bodies directly, or where the identity of the whistleblower needs to be protected in accordance with the Whistleblowing Procedure.

CHAPTER 4

4. Whistleblowing Procedure

4.1 Foreword

This procedure is the tool by means of which the Foundation: (i) regulates the procedures for making and handling Reports by Recipients who have become aware of wrongdoing giving rise to Crimes (including alleged crimes provided they are based on accurate and consistent facts), or violations of the Model in general, and (ii) ensures the protection of Recipients making the above-mentioned Reports and/or persons who are the victims of Reports made in bad faith.

To that end, please note the relevant terms, which are given below along with their meanings:

- a) **Whistleblower:** the Recipient making the report;
- b) **Report:** detailed description founded on accurate and consistent facts concerning:
 - i. such wrongdoing that gives rise, or is liable to give rise, to Crimes, or is otherwise relevant for the purposes of the Decree, or
 - ii. violations of the Model or Code of Ethics that come into the knowledge of the Whistleblower in the performance of their functions within the Foundation, or as a result of their dealings with the Foundation (e.g. contracting, supply. etc.).
- c) **Report made in bad faith:** Unfounded report made with intent or gross negligence. The term made with "intent" is used to mean Reports made in the knowledge that the complaint is unfounded (e.g. reporting of a false fact, or a fact that has proved clearly unfounded, reporting that is opportunistic and/or intended to gain an advantage and/or harm other people, and/or for the purposes of emulation or retaliation).

The term made with "gross negligence" refers to inaccurate, vague and not suitably investigated Reports made in a careless manner, negligently (without due attention and/or care) misrepresenting the facts or not taking steps to verify their existence and/or truthfulness (e.g. reporting conduct without any proof and without making sure that the incidents have actually taken place).

4.2 Whistleblowing channels

The Foundation has set up a number of Whistleblowing channels designed to ensure that the identity of the Whistleblower remains secret and that the relevant Reports are handled properly by the Surveillance Body. The communication channels are as follows,

and are also posted on the Foundation's website at the link [Compliance | Penta \(penta-id.org\)](#):

- by email / certified email;
- by regular post, in a sealed envelope, marked "confidential/personal";
- verbally.

These Reporting channels are used and handled directly and independently by the Surveillance Body; access to these channels is denied to the Foundation (through its management and supervisory bodies, or employees and contractors), which may only be involved by 231SB in the Report handling process, where appropriate, while ensuring the confidentiality of the Whistleblower at all times.

4.3 Contents of the Report

The Report must:

- a) concern such **wrongdoing** that gives rise, or is liable to give rise, to Crimes, or any other **violation** of the Model or Code of Ethics;
- b) be **detailed and founded** on accurate and consistent facts: the Whistleblower is therefore required to provide detailed, relevant information on the wrongdoing (e.g. people involved, description and timing of the occurrence, how the Whistleblower became aware of the events).

More specifically, the Whistleblower is required:

- to report only incidents or circumstances that occurred in their presence and/or for which they have documentary evidence;
- in the event the incidents or circumstances did not occur in their presence, to specifically indicate the people that can report on the incidents to which the Report refers based on their direct experience;
- to give particulars or other elements that allow the person committing the wrongdoing being reported to be identified;
- to indicate any other people (e.g. witnesses) who can report on the incidents to which the Report refers;
- to indicate/provide any documents that can confirm the legitimacy of the Report;
- to provide any other information or proof that may prove useful in supporting the existence of the event reported.

No Reports should be made in **bad faith**.

Any breach of the rule not to make Reports in bad faith shall result in disciplinary liability (see chap. 7 herein on the Sanctioning System).

4.4 Report handling stages (determination of admissibility, ascertainment and investigation, definition)

Once the Report has been received, the Surveillance Body carries out an initial analysis to determine admissibility (preliminary check), designed to assess: whether the Report's minimum severity and relevance requirements as listed in section 4.3 above have been met; whether the aim of the Report is to bring to the attention of the Foundation conduct that puts its business and/or third parties at risk, and is not merely a complaint; whether the subject matter of the Report has been assessed in the past by the Foundation, or possibly by the competent Authority; and of course, how serious and urgent the risk is for the Foundation and/or third parties.

Based on the outcome of the check, Reports can be classified as:

- i. Detailed and relevant Reports, to be looked into in greater detail; said Reports, based on the Surveillance Body's preliminary assessments, call for action of varying urgency and hence trigger the subsequent investigative stage;
- ii. Non-serious or unreliable Reports, to be dismissed as they do not contain sufficient details to take the investigation further;
- iii. Reports that are entirely irrelevant and/or not pertinent for the purposes of the Model, to be dismissed (e.g. simple complaints and/or comments regarding other Recipients that do not, even potentially, represent a criminal offence as identified under the Decree, or violations of the Model).

Where Reports prove detailed and relevant and, hence, require more detailed investigation (see point i above), the ascertainment and investigation stage is initiated.

During this stage, the Surveillance Body — where possible eliminating any element that can either directly or indirectly lead to the Whistleblower being identified — can:

- i. perform and exercise the functions and powers assigned under Chapter 3 of the Model;
- ii. engage whichever of the Foundation's areas may be deemed relevant, each time, for the purposes of ascertaining the facts;
- iii. ask the above-mentioned Foundation's areas for a report on certain incidents or circumstances that can help with the investigation being carried out;

- iv. using the financial means within its allotted budget — or, should they prove insufficient, submitting a relevant request to the Board of Directors — employ the services of external consultants or professionals to assist in the task of inspection and verification of the facts.

Once the investigation is complete, and based on the findings, the Surveillance Body determines what category the Report falls into and, hence, the possible next courses of action are:

- i. to **dismiss the Report** on the grounds of an objective absence of wrongdoing identified under the Decree 231, of violations of the Model, or of clear and/or reasonable conditions to justify taking the investigation further. Whatever the case, the Surveillance Body is required to provide written justification for its decision (in compliance with the requirements of sect. 3.10);
- ii. to **report** the findings of the investigation to the Foundation's Board so that appropriate measures can be taken;
- iii. to **bring the incidents to the attention** of the courts;
- iv. to **engage** the relevant functions in order to institute disciplinary proceedings, where appropriate, against the person committing the wrongdoing to which the Report refers, or against a Whistleblower who has made Reports in "bad faith".

The Surveillance Body is called on to ensure that a record is kept of the Reports and relevant investigative activities (keeping a copy of the Report received and of all relevant documentation collected during the course of the investigations) in an electronic evidence register; to this end, the Surveillance Body is responsible for the safekeeping of relevant hardcopy/electronic files, with appropriate levels of security/confidentiality.

4.5 Measures in place to protect the Whistleblower

The Foundation ensures that information is kept confidential in every situation following receipt of the Report, thus eliminating any risk of retaliation and/or discrimination against the Whistleblower.

Whatever the case, the Foundation will not tolerate any act of retaliation or discrimination — whether direct or indirect — against the Whistleblower for reasons linked — directly or indirectly — to the Report in question. More specifically:

- any changes to duties, dismissal on retaliatory or discriminatory grounds, or any other retaliatory or discriminatory measure taken against the Whistleblower shall not be considered valid;

- no part of this clause shall affect the right of the Whistleblower, or indeed their nominated trade union, to lodge a complaint with the National Labour Inspectorate.

Any breach of the measures put in place to protect the Whistleblower shall result in disciplinary liability, without prejudice to any other form of liability provided for by law.

There shall also be no tolerance for any form of retaliation or discrimination and, generally speaking, any other organizational measure having negative effects on the working conditions of anyone collaborating on ascertaining the legitimacy of the Report.

Without detriment to the above, it must be stressed that any forms of abuse of this Procedure — through Reports that prove unfounded and are made with intent or gross negligence (Reports in "bad faith", such as clearly opportunistic Reports and/or Reports whose purpose is to harm other people) — shall nonetheless subject the Whistleblower to disciplinary liability.

4.6 Training and information

The Foundation promotes widespread adoption and knowledge of the Whistleblowing Procedure amongst all Recipients through such methods as organizing training courses (including remote courses, and training with the aid of IT resources) aimed at getting this Procedure across and promoting its understanding and implementation. Training of personnel is handled by the Legal Area, working closely with the Surveillance Body.

CHAPTER 5

5. Promoting widespread adoption of the Organisational Model

5.1 Promoting widespread adoption of the Model

For the Model to be effective, it is essential to ensure that both existing human resources and those yet to join the team are familiar with the rules of conduct it contains, with the level of knowledge varying depending on the level of involvement of said individuals in the Sensitive Processes.

More specifically, the procedures and rules of conduct set out in the Model, including the Code of Ethics, are communicated to all resources operating within the Foundation, as well as to resources who are to be added to the team.

Notification is provided:

- by posting on the Foundation's website [Compliance | Penta \(penta-id.org\)](https://www.penta-id.org);
- by posting the Model — together with the documentation that is referred to in the Model — in a relevant section of the company intranet, which is accessible to all employees; said documentation must all be kept up to date by the Foundation, which may include acting on information provided by 231SB and/or the Board of Directors;
- by means of any other suitable method to ensure that all Recipients, and more generally speaking all parties to which it should apply, are actually familiar with the material (such as, by way of example, sending email communications to all interested parties; delivering documentation and internal memos on the subject by hand; making documentation available to the relevant Area, which will then ensure it is brought to the attention of the right people).

All Recipients look through the Model and Code of Ethics (which may be handed over at the same time as the hire letter) and conform therewith.

5.2 Training and information

The Foundation promotes widespread adoption and knowledge of the Model, protocols and their updates amongst all Recipients, who are thus expressly required to know its contents, comply with it and contribute to its implementation.

To this end, the Foundation puts in place mechanisms to provide Recipients with — clear, detailed and regular — information and communication through various channels

(e.g. email, memos, etc.) regarding the Model, Code of Ethics, distribution of duties and powers, job descriptions, and procedures.

Where deemed necessary, targeted training courses are organized — including remote courses, and training with the aid of IT resources — to make Recipients aware of the procedures and rules of conduct adopted with the implementation of the Model and principles of the Code of Ethics, and to further their understanding thereof.

Training varies — in terms of content and how it is delivered — depending on the Recipients' position, on whether the risk exists in the operating area they operate in, and whether or not they have powers of representation.

5.3 Compulsoriness and checks

Training attendance is compulsory for the Foundation's Employees and is formalized by asking each person to sign a special attendance register (or other such document), and using other suitable methods in the case of remote training. Within the limits of the powers and functions assigned to it, 231SB can put specific checks in place, including test checks or assessment/self-assessment tests, aimed at verifying the quality of the training programmes' contents and effectiveness of the training delivered.

5.4 Contractors, freelance professionals, external consultants and partners

To ensure the effective implementation of the Model, steps are also necessary to promote and ensure familiarity and compliance with the Model amongst those working with the Foundation outside its employ. For this purpose, special contractual clauses are put in place that require compliance with the principles contained in the Model (to the extent that they apply to each party) and in the Code of Ethics. All conduct engaged in by business and financial partners, consultants, suppliers and Contractors of whatever kind that is in conflict with the lines of conduct set out in the Code of Ethics and in the Model can result in termination of the contractual relationship and a claim for any ensuing damages incurred by the Foundation.

To this end and in order to ensure actual and effective awareness of the principles to which the Foundation aspires, the Foundation ensures that any third party with which it comes into contact in the running of its business has access to its Code of Ethics (e.g. by providing hardcopies, including abstracts, or explicitly referring the party to the Foundation's website).

5.5 Training

Training for the purpose of promoting awareness of the provisions of the Decree and of the Model varies — in terms of content and how it is delivered — depending on the Recipients' position, on the level of risk of the area they operate in, and whether they are authorized to represent the Foundation.

5.5.1 Personnel operating in At-Risk Areas

- Executive personnel acting as representatives:
 - a) Initial training to be carried out following adoption of the Model, following new recruitment or appointment to functions operating in At-Risk Areas;
 - b) Periodic refresher training;
 - c) Special refresher training following changes to regulations that may affect the area of activity;
 - d) Memorandum in recruitment letter (for new employees) or letter of appointment to new functions;
 - e) Express reference to the Policy in the assignment of duties.

- Other employees:
 - a) Initial training to be carried out following adoption of the Model, following new recruitment or appointment to functions operating in At-Risk Areas;
 - b) Periodic refresher training;
 - c) Internal communications;
 - d) Memorandum in recruitment letter (for new employees) or letter of appointment to new functions;
 - e) Express reference to the Model in the assignment of duties.

5.5.2 Personnel not operating in At-Risk Areas

- Executive personnel acting as representatives
 - a) Initial training to be carried out following adoption of the Model or following new recruitment;
 - b) Memorandum in recruitment letter (for new employees) or letter of appointment to new functions;
 - c) Express reference to the Model in the assignment of duties.

- Other employees and contractors
 - a) Initial training to be carried out following adoption of the Model or following new recruitment;

- b) Internal communications;
- c) Memorandum in recruitment letter (for new employees) or letter of appointment to new functions.

5.5.3 Internal members of the Surveillance Body

The following must be put in place for internal members of 231SB:

- a) initial training to be carried out following adoption of the Model and following the member's appointment to 231SB;
- b) annual refresher training either in-house or through attendance of external training courses and/or conferences on the subject.

5.5.4 Contractors, Consultants, Suppliers, Partners, etc.

- a) Memorandum provided at the time of signing the respective contracts;
- b) Termination clause included in the contract;
- c) Request to refer to the Foundation's website;
- d) Subsequent memoranda (where necessary) within the timeframes set by 231SB.

5.6 Training contents

When it comes to contents, training will vary depending on the intended Recipients, more specifically:

- for personnel operating in At-Risk Areas, training will cover:
 - a) illustration of the Model put in place by the Foundation;
 - b) an in-depth look at the main relevant regulations (D. Lgs. 231/2001) and the Crimes identified under this Decree;
 - c) an in-depth look at the main relevant laws;
 - d) illustration of the Surveillance Body's activities and duties;
 - e) an in-depth look at the Model's Special Sections, focusing above all on the Sections concerning the relevant At-Risk Activities;
 - f) an in-depth look at the Model's implementation protocols (if any exist) and their actual application to work;
 - g) illustration of the Code of Ethics.
- for personnel not operating in At-Risk Areas, training will cover:
 - a) illustration of the Organisational Model put in place by the Foundation;
 - b) illustration of the Surveillance Body's activities and duties;
 - c) illustration of the Code of Ethics.

5.7 Selection of personnel

The *People, Communication & Culture Area*, which is tasked with recruiting personnel, assesses — where necessary after seeking the advice of 231SB — whether it is advisable to set up a specific personnel assessment system during the selection stage that takes into account the Foundation's requirements in terms of application of the Model and the Decree. This coordination activity will be boosted and strengthened, above all, when recruiting new resources due to perform their activities in At-Risk Areas.

CHAPTER 6

6. Code of Ethics and code of conduct

6.1 Referral (Document referred to by the Model)

The Foundation's Code of Ethics identifies cornerstone values, highlighting the series of rights, duties and responsibilities of everyone who, in any capacity, operates within the Foundation or works with it, whether they are employees, customers, suppliers, consultants, agents, partners, Public Administration, state employees or any other party the Foundation deals with.

The Code of Ethics is an integral part of this Model and can be accessed on the Foundation's website.

CHAPTER 7

7. Sanctioning system

7.1 Purpose and principles of the sanctioning system

In order for the Foundation to be exempt from liability, art. 6 of the Decree determines that one of the essential requirements of the Model is the provision of an adequate sanctioning system (the concept of which also includes civil remedies imposed on top management — such as directors — and on Contractors — such as external contractors) to be applied in the event of any breach of the rules of conduct set out in the Model, as well as in the event of any violation of the principles set out in the Code of Ethics.

Disciplinary sanctions are imposed regardless of the institution or outcome of any other proceedings, including criminal proceedings, brought before the courts. In this regard, the Foundation is entitled to impose — based on the findings of appropriate assessments — whatever sanctions are deemed most proportionate to the actual case, since said sanctions, on the basis of their autonomy, are not required to match the criminal court judgement.

The **sanctioning system** is set out according to the following **principles**:

- **prevention**: sanctioning measures are adopted regardless of whether sanctions have been imposed for the same incidents at a civil, criminal or administrative level, and are intended to bring a halt to dangerous behaviour before it turns into a

criminal act; the aim of the system is not to punish, rather to steer behaviour towards compliance with the rules set forth in the Model, as well as to bring to light any critical application issues, helping ensure the Model is efficient and updated as required;

- **proportionality**: sanctions are determined in proportion to the extent of the violation in question, to the significance of the obligations that have been breached, to the level of intent to engage in the conduct, to the degree of negligence, carelessness or incompetence, to the predictability of the event, to the existence of reoffending and precedents, to the level of hierarchical and/or technical responsibility, to the autonomy of the person responsible for the violation in question, and to the actual or potential consequences for the entity;
- **right to testify on own behalf**: the person who receives the formal notice shall always be entitled to offer justifications in defence of their conduct.

231SB advises the relevant functions of the violation of the Model and monitors the imposition of disciplinary sanctions.

For notification, ascertainment of breaches, and the imposition of disciplinary sanctions, the Foundation's management is entitled to exercise the powers already assigned to it, within the limits of the relevant delegations and areas of competence.

When it comes specifically to employees, the *People Communications & Culture Area* keeps the disciplinary system under constant review and assessment, handling its application, without prejudice to the following: as a general rule, implementation of the disciplinary procedure can be requested on the Surveillance Body's recommendation, after first consulting the hierarchical superior of the person responsible for the conduct being rebuked (for employees). Whatever the case, the *People Communications & Culture Area*, with the Chairperson's approval, can even initiate the procedure autonomously.

7.2 Recipients

The sanctioning system applies to all Model Recipients. More specifically, the sanctioning system applies to:

- **Directors and supervisory bodies**: specific responsibilities of compliance and monitoring of the Model apply to these people, related to their respective functions and institutional duties.

- Employees: compliance with the standards contained in the Model should be seen as an essential part of the contractual obligations of the Foundation's Employees pursuant to art. 2104 of the Italian Civil Code.
- Contractors, Suppliers and Partners: (meaning independent contractors and any person in a contractual arrangement with the Foundation) familiarity, acceptance and compliance with/of the standards contained in this Model should be seen as an essential part of their contractual obligations, with all the legal consequences that this entails, which may also regard termination of the contract and/or appointment, and may involve liability for any ensuing damages.
- Supervisory body members and Surveillance Body members: while not working under the direction and supervision of top management, said persons are also required — in line with the painstaking application and implementation of control principles — to comply with the provisions of the Model and, therefore, can also be subject to possible sanctioning measures.

7.3 Obligations of Recipients in general

Model **Recipients**, in the performance of their respective activities, are required to comply strictly with the following obligations:

- to comply with the Model (including the implementation procedures and the Code of Ethics and the provisions of the Whistleblowing Procedure and provisions under section 7.5 below) and, in general, with the law provisions in force;
- to ensure that any action is in line with the criteria of transparency, legitimacy and verifiability, even retrospectively, of the conditions and reasons that have led to the operation, the absence of any inappropriate interest or of any inappropriate influence, even where only indirect;
- to avoid any undue, unlawful or unjustified connivance with third parties of any kind;
- to avoid any conflict of interest;
- to report to 231SB any conduct giving rise to Crimes (including alleged crimes provided they are based on accurate and consistent facts) or, generally speaking, any violations of the Model that they know of directly or indirectly.

In addition, individuals acting as a **representative, senior executive, or in a management or control function** (even just for one of the Foundation's financially and functionally independent areas) are required to comply strictly with the following additional obligations:

- to acquire all necessary and opportune regulatory, professional and ethical information so as to comply with the above-mentioned provisions and their substantive purpose in an entirely effective and fully informed manner;
- to provide subordinates and contractors with suitable training and information to ensure implementation of the Policies and their substantive purposes;

Consequently, it is hereby expressly and in no uncertain terms stressed that **no unlawful, unjustified or unprofessional conduct, or conduct that otherwise fails to comply with the Model, shall be justified or considered less serious on the grounds of it being engaged in "in the interest or for the benefit of the Foundation"**.

Consequently, such conduct, where it is engaged in despite the measures adopted by the Foundation to guard against such conduct, shall constitute one of the specific fields of action of this disciplinary system.

7.4 Type of Sanctions and imposition criteria

The **following conduct** engaged in by Recipients **constitutes violations of the Model**, and is listed in ascending order of severity:

- A. non-serious violations of a formal nature of the provisions of the Code of Ethics, of the Model and of the organizational prevention measures referred to therein (rules, provisions, organizational procedures, conduct protocols), such as:
 - o failure to fill out the forms and records prescribed by the procedures referred to in the Model promptly, completely and correctly, where the activity performed can nonetheless be reconstructed based on other elements;
 - o failure to promptly and exhaustively notify the Surveillance Body pursuant to the Decree (hereinafter also referred to as "231SB") of the documents and information that they are the Recipient of according to the procedures set out in the Model, where 231SB has nonetheless been put in a position whereby the above-mentioned relevant information comes into its knowledge;
- B. violations of the Code of Ethics, of the Model and of the organizational prevention measures referred to therein (rules, provisions, organizational procedures, conduct protocols), or in the event conduct has been engaged in that is not in line with the provisions of the Model (including failure to supervise, control or monitor compliance with the procedures and provisions of the Model by their subordinates, as well as failure to report, or tolerance of, breaches of the procedures and provisions of the Model committed by their subordinates or

other personnel). By way of example, the following conduct also constitutes non-compliant conduct:

- breach of the Whistleblower Procedure and other measures set forth in the Model to protect the whistleblower advising 231SB — by means of prompt, thorough reports — of wrongdoing founded on accurate and consistent facts, or violations of the Code of Ethics or of the Model pursuant to the Decree (D. Lgs. 231/2001) that they have become aware of.
- acting with gross negligence in submitting a report to 231SB, regarding wrongdoing or violations of the Code of Ethics or of the Model, that proves unfounded;

C. the taking of such actions or engagement in such conduct that do not comply with the provisions of the Code of Ethics or the Model, or failure to take such actions or engage in such conduct prescribed by the Code of Ethics or the Model that:

- hinder 231SB's controls or impede its access to information or documentation, or other conduct otherwise liable to violate or circumvent the control system, such as destroying or altering the documentation prescribed by the Model;
- result in fraudulent circumvention of the rules of conduct prescribed by the operating procedures referred to in the Model;
- result in an objective situation whereby there is a risk of one of the predicate crimes being committed in the interest or for the benefit of the Foundation, or clearly aimed at committing an offence;
- result in the adoption of conduct indicated by the Code of Ethics as serious or extremely serious violations of the principles and rules defined therein;
- result in the breach of the Whistleblower Procedure and other measures set forth in the Policy to protect the whistleblower advising 231SB — by means of prompt, thorough reports — of wrongdoing founded on accurate and consistent facts, or violations of the Code of Ethics or the Model pursuant to the Decree (D. Lgs. 231/2001) that they become aware of, where the breach is deemed particularly significant given the effects that it could have had or has had on the Foundation or on its personnel;
- consist in acting with intent in submitting reports to 231SB — regarding wrongdoing or violations of the Code of Ethics or the Model pursuant to the Decree (D. Lgs. 231/2001) — that prove unfounded;

D. the taking of such actions or engagement in such conduct that do not comply with the provisions of the Code of Ethics or of the Model, or failure to take such actions or engage in such conduct prescribed by the Code of Ethics or the Model that result in the commission of one of the Predicate Crimes involving the

imposition on the Foundation of sanctions as set forth in the Decree (D. Lgs. 231/2001).

Conduct by the Employee in breach of the standards of conduct set forth in the Model constitutes **disciplinary wrongdoing**.

With specific reference to violations of the Model relating to Whistleblowing, there is a provision for sanctions to be imposed in order to:

- a) protect the confidentiality of the Whistleblower;
- b) protect the whistleblower, and whoever collaborates with 231SB on its investigations (if any) into the Report, against retaliation and discriminatory measures;
- c) protect the Foundation from any forms of abuse of the Whistleblowing Procedure.

a) Sanctions to protect the confidentiality of the Whistleblower

As part of the Whistleblowing Procedure, 231SB and the company Functions involved in any investigative activity relating to the Report are required to ensure the confidentiality of the Whistleblower (see sect. 4.4). The breach of this obligation by 231SB or the Recipients involved shall result in liability and involves the application of whichever measures are deemed most appropriate according to the Model, more specifically:

- for Employees, the Disciplinary Sanctions set out in this sect. 7.4., in proportion to the conduct and consequences, and also based on the criteria set out in this section (e.g. level of hierarchical responsibility and autonomy of the Employee, existence of prior disciplinary sanctions, etc.);
- for other Recipients, the Sanctioning Measures set out in sect. 7.5 (II, III, IV, V).

b) Sanctions to protect the Whistleblower and whoever collaborates with 231SB on its inspections and investigations (if any) into the Report

The performance of any act of retaliation or discrimination — whether direct or indirect — against the Whistleblower for reasons linked — directly or indirectly — to the Report in question shall result in disciplinary liability. The performance of any such act of retaliation or discrimination against anyone collaborating on ascertaining the legitimacy of the Report shall also result in disciplinary liability.

Disciplinary Sanctions (in the event the violation is committed by top management), or Sanctioning Measures as set out in sect. 7.5 II, III, IV, V (in the event the violations are committed by other Recipients) will be graduated taking into consideration the ratings

and criteria set out in this section (e.g. the subjective element of the conduct, the significance of the obligations breached, the extent of the harm caused to the Foundation, etc.) and the following severity ratings:

1. Failure to comply with the Model and with the Whistleblowing Procedure, which results in the adoption of retaliatory or discriminatory measures against the Whistleblower for reasons linked — directly or indirectly — to the Report;
2. Failure to comply with the Model and with the Whistleblowing Procedure, which results in changes to the Whistleblower's duties, out of retaliation, for reasons linked — directly or indirectly — to the Report;
3. Failure to comply with the Model and with the Whistleblowing Procedure, which results in the Whistleblower's retaliatory or discriminatory dismissal for reasons linked — directly or indirectly — to the Report.

c) Sanctions to protect the Foundation

The Whistleblower is required to report such wrongdoing that gives rise, or is liable to give rise, to Crimes, or any other violations of the Model or of the Code of Ethics, with detailed reports founded on accurate and consistent facts; unfounded Reports made with intent or gross negligence (so-called Reports made in "*bad faith*", see sect. 4.3) will not be tolerated. Disciplinary Sanctions, or Sanctioning Measures imposed on the Whistleblower, will be graduated taking into consideration the ratings and criteria set out in this section (e.g. level of hierarchical responsibility and autonomy of the Employee, existence of prior disciplinary sanctions imposed on the Employee, etc.).

7.5 Disciplinary sanctions and sanctioning measures

The breach of the above-mentioned obligations shall result in liability and involves the application of whichever measures indicated below are deemed most appropriate according to the Model.

I – Employees

In the event of a violation of the Model, the disciplinary sanctions set forth in the CCNL collective bargaining agreements in force shall be imposed.

Where employees have been delegated the power to represent the Foundation outside the entity, imposition of the disciplinary sanction may also result in revocation of the delegation in question.

Sanctions are imposed according to the procedures and terms set out in the CCNL collective bargaining agreements in force.

More specifically, the sanctions that can be imposed on the Employee are dictated by art. 7 of Italian law 300/1970 (workers' statute of rights) and the CCNL collective bargaining agreement applied.

For Employees, Penta applies the CCNL collective bargaining agreement applicable to trade for employees of companies in the tertiary sector, distribution and services, being a member of Confcommercio (general federation of Italian commerce, tourism, services and SMEs), (dated 1 April 2015 as renewed).

The disciplinary sanctions set forth in the CCNL collective bargaining agreement applied are:

- a) verbal rebuke;
- b) written rebuke;
- c) fine amounting to no more than the equivalent of 4 hours of normal pay;
- d) suspension from work without pay for a period of no more than 10 days;
- e) dismissal without notice.

The *People Communications & Culture* area is in charge of exercising the power to bring disciplinary action against employees responsible for violations of the Model and/or Code of Ethics. The Surveillance Body is required to report any violations of the Model and/or Code of Ethics that have come into its knowledge to the relevant functions, but cannot adopt any disciplinary sanction: the holder of the power to bring disciplinary action is and remains the *People Communications & Culture* area, which adopts measures in conjunction with the Chairperson.

For Employees in an executive role, the Foundation applies the CCNL collective bargaining agreement applicable to company managers in the tertiary sector, distribution and services.

Any violation of the Model and/or Code of Ethics by an Employee who has been delegated the power to represent the Foundation outside the entity may also result in revocation of the delegation in question.

II – Contractual partners, consultants or other parties in a contractual arrangement with the Foundation.

Violation by contractual partners, consultants or other parties in a contractual arrangement with the Foundation for the performance of activities deemed sensitive of the provisions and rules of conduct set forth in the Model applicable thereto, or the commission of crimes contemplated under the Decree (D. Lgs. no. 231/2001) by said partners, consultants or other parties, shall be sanctioned according to the provisions of the specific contractual clauses that shall be included in the relevant contracts.

Said clauses, making explicit reference to compliance with the provisions and rules of conduct set forth in the Model, may rule, for example, that said third parties are

required to not adopt such actions or engage in such conduct that would result in a violation of the Model by the Foundation.

Should there be a breach of said obligation, provisions should be in place to allow the Foundation to suspend or terminate the contract pursuant to art. 1456 of the Italian Civil Code (explicit termination clause), and impose penalties where appropriate. Of course, nothing in this clause shall affect the right of the Foundation to claim for damages arising out of the violation of the provisions and rules of conduct set forth in the Model by said third parties, or its right to take other relevant action (for example, a criminal complaint).

The above-mentioned tools shall be activated by the Foundation, and always proportionally to the severity of the violation detected.

III - Directors

In the event of a verified violation of the Model and Code of Ethics by individual Directors, the Board of Directors shall, with the abstention of the individual concerned, take the most appropriate measures — which may also involve acting on 231SB's recommendations — based on the violations and on the criteria defined in section 7.4. Said measures include:

- rebuke of the Director's conduct to be formally noted in the minutes of the Board meeting;
- where the managing director is involved, revocation (even as a precautionary measure) of their delegated powers;
- suspension of pay;
- reporting of the incident to the Founding Body, who may have the individual removed from office and replaced.

The supervisory body is notified of the initiation of the sanctioning procedure.

In the event the violation is committed by two or more members of the Board of Directors, 231SB shall report directly to the supervisory body and Founding Body, which shall be entitled to take the most appropriate measures out of those set out in the points above.

Nothing in this clause shall prejudice the right to take liability action against Directors in accordance with the law.

IV – When dealing with people exercising de facto management and control

Should the violations of the Code of Ethics or the Model be committed by people exercising de facto management and control of the Foundation, 231SB shall advise the Board of Directors and Founding Body so that appropriate measures can be taken.

V – Supervisory Body

In the event members of the supervisory body fail to comply with the Model or the Code of Ethics, the Surveillance Body shall report the fact to the Board of Directors, which shall advise the Founding Body for a decision — depending on the severity of the violation — on which of the following measures should be adopted:

- rebuke of the conduct, to be formally noted in the minutes of the decision by the relevant body;
- suspension of pay;
- initiation of the revocation procedure.

Whatever the case, nothing in this clause shall prejudice the right of the Foundation to claim for damages arising out of said conduct, including damage caused by the judge's application of measures set forth in the Decree.

VI – Members of the Surveillance Body

Should one or more members of 231SB be negligent and/or careless in their monitoring of the adequacy of the Model, its correct application, and compliance therewith, or should said individual(s) fail to comply with the Model or the Code of Ethics, the Board of Directors shall take appropriate measures, which may include removal from office.

CHAPTER 8

8. Related documentation

Appendix no. 1: Crimes

Appendix no. 1 is a document featuring all the crimes identified under the Decree (D. Lgs. no. 231/2001), only some of which prove meaningful for the Foundation and are contemplated by this Model.

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PART B – Code of Ethics

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PART C – Special Part

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