



L.F. S.P.A. A SOCIO UNICO

ORGANISATION, MANAGEMENT AND CONTROL MODEL
PURSUANT TO ITALIAN LEGISLATIVE DECREE 8 JUNE 2001, NO. 231

Section 1 - General Part

2021



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DEFINITIONS

“Offence risk areas”: the company activities wherein the risk of committing offences and violations provided for by L. D. no. 231/01 is virtually possible.

“Appendix” ; the document containing, subdivided based on each category of offence deemed as applicable and relevant by the Company, a list of the procedures adopted and implemented by the latter for the purposes of preventing the commission of predicate offences set forth by the L.D. no.231/2001.

“L.F. S.P.A. A SOCIO UNICO” or the **“Company”**: L.F. S.P.A.

“CCNL”: The National Collective Labour Agreement for Employees from companies belonging to the Tertiary, Distribution and Services Sector.

“Code of Ethics”: the inner code of conduct prepared and approved by the Board of Directors, containing the set of ethical principles of conduct that the subjects operating for the Company are required to adopt, also in relation to the activities which may integrate the instances of offence provided for by the L.D. no.231/2001.

“Associates”: those who perform their work for the Company on an ongoing basis, in coordination with it, without any relationship of subordination.

“Decree” or **“L.D. no. 231/01”**: Legislative Decree of 8 June 2001 no. 231 and following modifications and integrations.

“Recipients”: Top-level Subjects and Subordinated Subjects (therein including Employees and Third Parties)

“Employees”: subjects having a subordinate working relationship with the Company, therein including executives.

“Document”: the present synthesis document, consisting of the General Part and single Special Parts.

“Entity”: the legal entities subjected to the administrative liability pursuant to the Decree.

“Suppliers”: the Company suppliers of non-professional goods and services which do not fall within the definition of Partners.

“Information Notice”: the declaration that L.F. S.P.A. requires its administrators or employees to undersign on committing to comply with the provisions pursuant to L. D. no.231/01 while performing activities and/or services for L.F. S.P.A.

“Model”: the present organisation, management and control model, drawn, adopted and implemented pursuant to L.D. no. 231/2001 (as subdivided in General Part and Special Parts), including the Code of Ethics and any procedure, protocol, policy and/or rule, inner guideline, order of service, etcetera, set forth therein.

“Supervisory Board or SB”: the control body in charge of monitoring the functioning and compliance with the Model adopted by the Company as well as the related updating.



“General Part”: the introductory part of the Document having an informative function and containing regulation of the main dictates of the Decree, the principles that have inspired L.F. S.P.A. in conceiving the Model, and well as the Sanction System.

“Special Parts”: the single parts of the Document containing the description of the offences deemed as relevant by L.F. S.P.A to its company reality, as well as reference to Offence Risk Areas and correction measures adopted for the purposes of preventing commission thereof.

“Partners”: the contractual counterparts establishing some sort of contractually regulated cooperation with the Company (temporary business association, joint venture, consortium, licence, agency, general collaboration, etcetera), wherein they are intended to cooperate with the Company in the field of the Offence Risk Areas.

“Public Administration or PA”: Public Administration and, referring to offences against Public Administration, public officers and those in charge of a public service (e.g. public service authorities).

“Procedures”: the set of procedures, company protocols, Code of Ethics, Sanction System and proxy system adopted by the Company.

“Offences”: the types of offence to which the discipline provided for by the L.D. no.231/2001 on administrative liability applies.

“Sanction System”: the disciplinary system and related sanctioning mechanism to be applied in case of violation of the Model.

“Top-Level subjects”: natural persons performing head-management positions (representation, administration or directorship of the Entity or of an organisational unit thereof provided with financial and functional autonomy or individuals having, in actual fact, management and control functions).

“Subordinated subjects”: natural persons subordinated to the directorship or vigilance by one of the Top-level Subjects.

“Workers’ Statute”: Law no. 300 of 20 May 1970.

“Third parties”: without limitation, Suppliers, Associates, consultants, agents, Partners, contractual counterparts and third parties in general.

“Violation”: the implementation or omission of actions or conduct, non-compliant with the law and the provisions contained in the Model and the relative Procedures, involving the commission of one of the offences provided for by the L.D. no. 231/01; the implementation or omission of actions or conduct, set forth in the Model and relative Procedures, i.e. required by the law, exposing the Company to even a single circumstance likely to entail committing one of the offences set out in the L.D. no. 231/01.



SECTION 1 - GENERAL PART

LEGISLATIVE DECREE OF 8 JUNE 2001, NO. 231, REGARDING THE ADMINISTRATIVE LIABILITY OF LEGAL ENTITIES, COMPANIES AND ASSOCIATIONS ALSO WITHOUT LEGAL STATUS

1.1 Administrative Liability of Legal Entities

The Legislative Decree no. 231 of 8 June 2001, (and following modifications) which, enforcing the Italian Law no. 300 of 29 September 2000, has introduced in Italy the “Discipline of the administrative liability of legal entities, companies and associations also without legal status”, is part of a wide legislative process in the fight against corruption and has adapted the Italian legislation in the field of liability of legal entities and some of the International Conventions previously undersigned by Italy.

The L.D. no. 231/01 establishes an administrative liability regime (substantially comparable to the criminal liability) vis-à-vis legal entities which adds to the liability of the natural person who materially commits the offence and aiming at involving, in punishing it, the Entities benefiting from such an offence been committed. This type of administrative liability applies only to offences expressly envisaged by the Decree.

Article 4 of the Decree further specifies that, in some cases and under the conditions provided for by Articles 7, 8, 9 and 10 of the Criminal Code, the administrative liability of Entities having the headquarters in the State territory may apply for offences committed abroad by natural persons provided that the State of the country wherein the criminal act has been committed does not take any action.

1.1.1 Entities subjected to the L.D. No. 231/01

The entities subjected to the Decree may be:

natural persons performing top positions (representation, administration or directorship of the Entity or of an organisational unit thereof provided with financial and functional autonomy or individuals having, in actual fact, management and control functions: hereinafter, for the sake of brevity, the “**Top-Level Subjects**”);

natural persons subjected to the management or supervision by one of the Top-Level Subjects (hereinafter, for the sake of brevity, the “**Subordinated Subjects**”). Within the Subordinated Subjects there are (i) employees, i.e. subjects having a subordinate working relationship with the Entity; as well as (ii) all “job providers who, while not being employed by the entity, have a relationship with it such that there is a supervision obligation on the part of the top-management of the entity: let us consider for example, agents, partners involved in joint-venture operations, the so-called para-subordinate workers in general, distributors, suppliers, consultants, associates”.

1.1.2 Offences provided for by the L.D. No. 231/01

Offences committed in the relations with the Public Administration as per Articles 24 and 25 of the Decree and in particular:

- embezzlement against the State (Article 316-bis of the Criminal Code);
- undue receipt of funds from the State (Article 316-ter of the Criminal Code);
- fraud (Article 640, 2 paragraph, no.1 of the Criminal Code)



- aggravated fraud for obtaining public funds (Article 640-ter of the Criminal Code)
- cyber fraud (Article 640-Ter of the Criminal Code)
- bribery (Article 317 of the Criminal Code);
- corruption in exerting the function (Article 318 Criminal Code); Article 321 of the Criminal Code);
- corruption for actions contrary to official duty (Article 319 of the Criminal Code – Article 319 bis of the Criminal Code - Article 321 of the Criminal Code);
- corruption in relation to judicial acts (Article 319-ter - Article 321 of the Criminal Code.);
- undue induction to give or to promise benefits (Article 319-quater of the Criminal Code)
- corruption of public officer (Article 320 - Article 321 of the Criminal Code);
- incitement to corruption (Article 322 of the Criminal Code);
- peculation, bribery, undue induction to give or to promise benefits and incitement to corrupt members of the European Community Institutions and officers of the European Communities and Foreign States (Article 322 bis of the Criminal Code).

Cyber crimes and illegal data processing, introduced by Article 7 of Italian Law of 18 March 2008 no. 48, ratifying and executing the Budapest Convention of the European Council on cyber crime, as provided for by Article 24-bis of the Decree, and in particular:

- electronic documents (Article 491-bis of the Criminal Code) [false statement in a public or private electronic document having probative efficacy, as per, respectively Articles 476 of the Criminal Code, 477 of the Criminal Code, 478 of the Criminal Code, 479 of the Criminal Code, 480 of the Criminal Code, 481 of the Criminal Code, 482 of the Criminal Code, 483 of the Criminal Code, 484 of the Criminal Code, 485 of the Criminal Code, 486 of the Criminal Code, 487 of the Criminal Code, 488 of the Criminal Code, 489 of the Criminal Code, 490 of the Criminal Code, 492 of the Criminal Code, 493 of the Criminal Code];
- abusive access to a computer or telematic system (Article 615-ter of the Criminal Code);
- abusive possession and diffusion of access codes to computer or telematic systems (Article 615-quater of the Criminal Code);
- diffusion of computer equipment, devices or programs intended to damage or interrupt a computer or telematic system (Article 615-quinquies of the Criminal Code);
- unlawful interception, obstruction or interruption of computer or telematic communications (Article 617-quater of the Criminal Code)
- installation of equipment capable of intercepting, preventing or interrupting computer or telematic communications (Article 617-quinquies of the Criminal Code)
- damage to information, data and software programs (Article 635-bis of the Criminal Code);
- damage to information, data and software programs used by the State or other public entity or in any case of public interest (Article 635-ter of the Criminal Code);
- damage to computer or telecommunication systems (Article 635-quater of the Criminal Code);



- damage to computer or telecommunication systems of public interest (Article 635-quinquies of the Criminal Code);
- computer fraud of the subject providing electronic signature certification services (Article 640-quinquies of the Criminal Code.).

Crimes committed by criminal organisations introduced by Article 2, paragraph 29 of Law no. 94 of 15 July 2009, which has introduced in the L.D. no. 231/01 Article 24-ter, and particularly:

- criminal conspiracy (Article 416 of the Criminal Code);
- criminal conspiracy aimed at reducing or maintaining slavery, trafficking in persons, the purchase and sale of slaves and offences relating to violations of the provisions on illegal immigration as per Article 12 of the Legislative Decree 286/1998 (Article 416, 6° paragraph, of the Criminal Code)
- Mafia-related organisations, even foreign ones (Article 416-bis of the Criminal Code);
- crimes committed taking advantage of the conditions provided for by Article 416 bis of the Criminal Code for mafia-related organisations or in order to encourage the business of such organisations;
- Mafia-related political election exchange (Article 416-ter of the Criminal Code);
- conspiracy aimed at illegal trafficking of narcotics and psychotropic substances (Article 74, Presidential Decree of 09 October 1990, no. 309);
- kidnapping aimed at robbery or extortion (Article 630 of the Criminal Code);
- illegal manufacture, introduction into the State, offering for sale, sale, possession and bringing in a public place or place open to the public of military weapons or war-like weapons or parts thereof, explosives, illegal weapons as well as various weapons and fireworks (Article 407, 2nd paragraph, letter a), no.5, Criminal Code.

Offences concerning counterfeiting of money, public credit notes, revenue stamps or instrument of recognition signs, introduced by Article 6 of Law no. 406 of 23 November 2001, which has introduced in the L.D. no.231/01 Article 25-bis, as modified by Article 15, paragraph 7, letter a), of Law no. 99 of 23 July 2009, and in particular:

- counterfeiting of money, spending and introduction of counterfeited money into the Italian State after agreement (Article 453 of the Criminal Code);
- altering of currency (Article 454 of the Criminal Code);
- spending and introduction of counterfeited money into the Italian State without previous agreement (Article 455 of the Criminal Code);
- spending of counterfeited currency received in good faith (Article 457 of the Criminal Code);
- counterfeiting of official stamps, introduction into the country, purchase, possession or circulation of counterfeit official stamps (Article 459 of the Criminal Code);
- counterfeiting of watermarked paper in use to manufacture public credit cards or revenue stamps (Article 460 of the Criminal code);
- manufacturing or possession of watermarks or equipment intended to manufacture currency, revenue stamps or watermarked paper (Article 461 of the Criminal code);
- use of counterfeit or altered tax stamps (Article 464 of the Criminal code);



- counterfeiting, alteration, or use of brands or identification marks or patents, models or designs (Article 473 of the Criminal Code);
- introduction and trading in the State of products with false signs (Article 474 of the Criminal Code).

Crimes against industry and trade, introduced by Article 15, paragraph 7 of Law no. 99 of 23 July 2009, which has introduced in the L.D. no. 231/01 Article 25- bis.1. and in particular:

- disruption of the freedom of industry or trade (Article 513 of the Criminal Code);
- unlawful competition through threat or violence (Article 513-bis of the Criminal Code);
- fraud against national industries (Article 514 of the Criminal Code);
- fraud in commercial business activities (Article 515 of the Criminal Code);
- sale of non-genuine food items as genuine (Article 516 of the Criminal Code);
- sale of industrial products with misleading signs (Article 517 of the Criminal Code)
- manufacturing and trade of goods produced by seizing titles of industrial property (Article 517-ter of the Criminal Code);
- counterfeiting of geographic indications or designations of origin pertaining to agricultural food products (Article 517-quater of the Criminal Code).

Corporate offences introduced by Legislative Decree no. 61 of 11 April 2002, which has introduced in the L.D. no. 231/01 Article 25-ter, and in particular:

- false or misleading company statements (Article 2621 of the Civil Code);
- false or misleading company statements detrimental to shareholders or creditors (Article 2623 of the Civil Code);
- false reporting in prospectuses (Article 2623 of the Civil Code);
- false statements in the reports or communications of the auditing company (Article 27 of the Legislative Decree no.39/2010, previous Article 2624 of the Civil Code);
- obstructed control (Article 2625 of the Civil Code as amended from Article 37, paragraph 35, Legislative Decree no.39/2010);
- undue return of contributions (Article 2626 of the Civil Code);
- unlawful distribution of profits and reserves (Article 2627 of the Civil Code);
- unlawful transactions involving the shares or quotas of the parent company (Article 2628 of the Civil Code);
- transactions to the detriment of creditors (Article 2629 of the Civil Code);
- omitted communication of the conflict of interests (Article 2629-bis of the Civil Code);
- fictitious formation of share capital (Article 2632 of the Civil Code);
- unlawful distribution of corporate assets by liquidators (Article 2633 of the Civil Code);
- bribery among private individuals (Article 2635 of the Civil Code);
- unlawful influence on the Company's meeting (Article 2636 of the Civil Code);
- agiotage (Article 2637 of the Civil Code);
- obstructing the performance of the functions of public supervisory authorities (Article 2638 of the Civil Code).

Crimes having the purpose of terrorism or subversion of the democratic order introduced by Law no. 7 of 14 January 2003, which has introduced in the L.D. No. 231/01 Article 25-quater, and in particular:



- associations with terrorist purposes even on an international scale or for the overthrow of the democratic order (Article 270-bis of the Criminal Code);
- offence of assisting such associations (Article 270-ter of the Criminal Code);
- recruitment with purposes of terrorism also of an international nature (Article 270-quater of the Criminal Code);
- training for terrorist activities, also of an international nature (Article 270-quinquies of the Criminal Code)
- conducts with purposes of terrorism (Article 270-sexies of the Criminal Code);
- attack with purpose of terrorism or subversion (Article 280 of the Criminal Code);
- act of terrorism with deadly weapons or explosives (Article 280-bis of the Criminal Code);
- kidnapping for the purposes of terrorism or subversion (Article 289 of the Criminal Code);
- incitement to commit any of the crimes provided for by first and second sections (Article 302 of the Criminal Code).

Crimes of practising female genital mutilation introduced by Law no. 7 of 9 January 2006, which has inserted in the L.D. No. 231/01 Article 25-quater.1, and in particular practices of female genital mutilation (Article 583-bis of the Criminal Code)

Crimes against the individual introduced by Law no. 228 of 11 August 2003, which has introduced in the L.D. no. 231/01 Article 25-quinquies, and in particular:

- reducing and maintaining individuals to slavery or servitude (Article 600 of the Criminal Code);
- child prostitution (Article 600-bis of the Criminal Code);
- child pornography (Article 600-ter of the Criminal Code);
- possession of pornographic material (Article 600-quater of the Criminal Code);
- tourism initiatives aimed at exploiting child prostitution (Article 600-quinquies of the Criminal Code);
- slave trade (Article 601 of the Criminal Code);
- purchase and sale of slaves (Article 602 of the Criminal Code).

Offences of insider dealing and market manipulation provided for by Law no. 62 of 18 April 2005, which has introduced in the L.D. no. 231/01 Article 25-quater, and in particular:

- insider trading, Article 184 TUF (Consolidated Law on Finance) paragraph 1, letter a;
- tipping, Article 184 TUF paragraph 1, letter b;
- tuyautage, Article 184 TUF paragraph 1, letter c;
- market manipulation (Article 185 TUF).

Crimes of manslaughter and serious personal injury and grievous bodily harm, committed in violation of the occupational safety and accident-prevention regulations introduced by Article 300 of the Legislative Decree of 9 April 2008, no.81 as provided by Article 25-septies of the Decree, and in particular:

- manslaughter (Article 589 of the Criminal Code);
- unintentional personal injuries (Article 590 of the Criminal Code).

Offences of receiving stolen goods, money laundering, and using money, goods or benefits of illicit origin, introduced by the Legislative Decree no. 231 of 21 November 2007, which has



introduced in the L.D. no. 231/01 Article 25-octies and the self-laundering offence introduced by Law no.186 of 15.12.2014 integrating Article 25-octies and, in particular:

- receiving stolen goods (Article 648 of the Criminal Code);
- money laundering (Article 648 - bis of the Criminal Code);
- using money, goods or benefits of illicit origin (Article 648-ter of the Criminal Code);
- self-laundering (Article 648 ter 1 of the Criminal Code).

Crimes regarding violation of copyright introduced by Article 15, paragraph 7, letter c) of Law no. 99 of 23 July 2009, which has introduced in the L.D. no. 231/01 Article 25-novies, and in particular offences provided for in the following legislative provisions:

- Article 171, 1st paragraph, letter a-bis), and 3rd paragraph, Law no. 633/1941;
- Article 171-bis, 1st and 2nd paragraphs, Law no. 633/1941;
- Article 171-ter, 1st paragraph, letter a), b), c), d),e), f), f-bis), h), Law no. 633/1941;
- Article 171, 2nd paragraph, letter a), a-bis), b), c), Law no. 633/1941;
- Article 171-septies, Law no. 633/1941;
- Article 171-octies, Law no. 633/1941.

Offence of inducement not to make or to make false statements to judicial authorities, introduced by Article 4 of Law no. 116 of 3 August 2009, which has inserted in the L.D. No.231/01 Article 25-decies.

Transnational offences, introduced by Law no. 146 of 16 March 2006, “Law ratifying and implementing the Convention and Protocols of the United Nations against transnational organised crime”, which are hereinafter listed:

- criminal conspiracy (Article 416 of the Criminal Code);
- Mafia-related organisations, even foreign ones (Article 416-bis of the Criminal Code);
- criminal association dedicated to smuggling tobacco products processed abroad (Article 291-quater of Presidential Decree of 23 January 1973, no. 43);
- conspiracy aimed at illegal trafficking of narcotics and psychotropic substances (Article 74 of the Presidential Decree of 09 October 1990, no. 309);
- provisions against illegal immigration (Article 12, sub-paragraphs 3, 3-bis, 3-ter and 5 of L.D. of 25 July 1998, no. 286);
- personal aiding and abetting (Article 378 of the Criminal Code).

Environmental offences, introduced by Article 2, paragraph 2, of the Legislative Decree no. 121 of 7 July 2011, which has introduced in the L.D. No. 231/01 Article 25-undecies, environmental offences introduced by Law no. 68 of 22 May 2015 which has introduced in the Criminal Code title 6 bis, as well as the modified Article 25-undecies of the L.D. 231/01 and in particular the offences provided for by the following legislative provisions:

- Article 727-bis of the Criminal Code (Killing, destroying, capturing, removing, holding protected wild animal or plant species);
- Article 733-bis of the Criminal Code (Destruction or deterioration of habitat into a protected site);
- offences provided for by the Legislative Decree of 3 April 2006, no. 152 (“Environmental Code”), Article 137 (Criminal Sanctions) and, in particular, by the conducts as per paragraph 2, paragraph 3, paragraph 5 (first and second sentence), paragraph 11, paragraph 13;



- offences provided for by the Legislative Decree of 3 April 2006, no.152, Article 256 (Unauthorised waste management activities), and, in particular, by the conducts as per paragraph 1, letter a) and letter b), paragraph 3 (first and second sentence), paragraph 5, paragraph 6;
- offences provided for by the Legislative Decree of 3 April 2006 no. 152, Article 257 (Rehabilitation of polluted industrial sites) and, in particular, by the conducts as per paragraph 1, paragraph 2;
- offences provided for by the Legislative Decree of 3 April 2006 no. 152, Article 258 (Violation of the obligations of communication, obligatory record and form keeping) and, in particular, by the conducts as per paragraph 4 (sentence);
- offences provided for by Legislative Decree of 3 April 2006 no. 152, Article 259 (Illegal waste trafficking) and, in particular, by the conducts as per paragraph 1;
- offences provided for by Legislative Decree of 3 April 2006 no. 152, Article 260 (Organised activities for the illegal trafficking of waste) and, in particular, by the conducts as per paragraph 1 and 2;
- offences provided for by the Legislative Decree of 3 April 2006 no.152, Article 260-bis (Computer control system for the traceability of waste), and, in particular, by the conducts as per sub-paragraphs 6, 7 (and third sentence), and 8 (first sentence);
- offences provided for by the Legislative Decree of 3 April 2006 no.152, Article 279, paragraph 5;
- Article 1, paragraphs 1 and 2 of Law no. 150 of 7 February 1992;
- Article 2, paragraphs 1 and 2 of Law no. 150 of 7 February 1992;
- Article 3-bis, paragraph 1 of Law no. 150 of 7 February 1992;
- Article 6, paragraph 4 of Law no. 150 of 7 February 1992;
- offences provided for by the Law no. 549 of 28 December 1993, Article 3, paragraph 6 (Stop and reduction in the use of detrimental substances);
- offences provided for by Legislative Decree no. 202 of 6 November 2007, Articles 8 and 9 (Malicious intend pollution and negligent pollution).
- offences provided for by Law no. 68 of 22 May 2015 [Provisions concerning crimes against the environment] Article 452 - bis of the Criminal Code (Environmental pollution), Article 452 quater of the Criminal Code (Environmental disaster), Article 452 quinquies (Unintentional offences against the environment), Article 452 sexies of the Criminal Code (Trafficking and neglect of high-radioactive material and ionizing radiation material) Article 452 octies of the Criminal Code (Felony intent criminal association), Article 452 septies of the Criminal Code (Hindrance to control activities).

Offence of employing citizens from third countries whose stay is irregular introduced by the Legislative Decree no. 109 of 16 July 2012, which has decided the introduction into the Legislative Decree no. 231/01 of Article 25-duodecies and in particular the offence provided for by the following law provision: Article 22, paragraph 12 bis of the Legislative Decree 286/1998 (so called Consolidated Immigration Act).

“Illegal intermediation and exploitation of labour” offence provided for by Article 603 bis of the Criminal Code “Provisions regarding fight against irregular labour, labour exploitation in agriculture and compensation realignment in the agricultural sector” as amended by Law no.



199/2016, entered into force on 4.11.2016. The offence, punishing both the intermediaries and employers, was introduced also into Article 25 quinquies, paragraph 1, letter a) of the L.D. 231/2001, thus widening the category of predicate offences of administrative liability of the entities. The offence of the entity is punished by a pecuniary sanction from 400 to 1,000 quotas, as well as with disqualification penalties provided for by Article 9, paragraph 2, of the L.D. no 231/2001 (e.g. disqualification from exercising the business).

- Illegal intermediation and exploitation of labour (Article 603 bis of the Criminal Code);
- Law 199/2016 (Provisions on fight against irregular labour).

Tax offences provided for by the L.D no.74/2000, by Law no. 157/2019, in the L.D. no. 231/2001 at Article 25- quinquiesdecies:

- Fraudulent declaration through the use of invoices or other documents for non-existent operations (Article 2 of the Legislative Decree no. 74/2000);
- Fraudulent declaration through other expedients (Article 3 of the Legislative Decree no. 74/2000);
- Issuance of invoices or other documents for non-existent operations (Article 8 of the Legislative Decree no. 74/2000);
- Concealment or destruction of accounting records (Article 10 of the Legislative Decree no.74/2000);
- Fraudulent tax evasion (Article 11 of the Legislative Decree no.74/2000).

As it will be possible to specify hereinafter, not all the above listed offences have been deemed as relevant for L.F S.P.A.

2. SANCTIONS PROVIDED FOR BY THE DECREE CHARGEABLE TO THE ENTITY

2.1. Sanctions in general

The sanctions provided for by the Decree for administrative offences dependent on crime are the following: (i) pecuniary sanctions, (ii) disqualification sanctions, (iii) confiscation and (iv) judgement publication.

2.1.1. Pecuniary sanctions

The pecuniary sanction is regulated by Articles 10 and following of the Decree, and applies in all instances wherein the Entity liability is acknowledged.

The pecuniary sanction is applied by “quotas” and determined by the judge, in number not lower than one hundred and not higher than one thousand (depending on the seriousness of the offence, the degree of liability of the Entity, the activity developed to eliminate or mitigate the consequences and prevent further offences from being committed).

The value of each quota ranges from a minimum of € 258.23 to a maximum of € 1,549.37. Such an amount is established “based on the economic and patrimonial conditions of the Entity for the purpose of guaranteeing the sanction effectiveness” (Articles 10 and 11, paragraph 2, L.D. no. 231/01).

As stated at point 5.1 of the Decree Ministerial Report, “Regarding the modes for ascertaining the economic and patrimonial conditions of the Entity, the judge shall avail



himself of the balance sheets or other papers suitable for capturing such conditions. In certain cases, the proof shall be obtained also considering the entity size and its position on the market. (...) The judge shall get involved, with the support of consultants, in the company reality, where he shall have recourse to information related to the economic, financial and patrimonial state of the entity”.

Article 12 of L.D. no. 231/01: instances wherein the pecuniary sanction is reduced.	Requirements
1/2 (and it cannot in any case be higher than € 103,291.00)	<ul style="list-style-type: none"> • The author of the offence has acted mainly in his own interest or of third parties and the Entity has gained a minimum advantage; • The patrimonial damage is particularly tenuous.
from 1/3 to 1/2	<p>(Before the declaration of the opening of the first instance hearing)</p> <ul style="list-style-type: none"> • The Entity has totally refunded the damage and has removed the detrimental or dangerous consequences of the offence or it has efficiently strived to do so; or • An organisation model, suitable for preventing offences of the same type as occurred, has been implemented and put into practice.
from 1/2 to 2/3	<p>(Before the declaration of the opening of the first instance hearing)</p> <ul style="list-style-type: none"> • The Entity has totally refunded the damage and has removed the detrimental or dangerous consequences of the offence or it has efficiently strived to do so; or • An organisation model, suitable for preventing offences of the same type as occurred, has been implemented and put into practice.
Article 26 of the L.D. No.231/01: instances wherein the pecuniary sanction is reduced.	<ul style="list-style-type: none"> • The commission of the offence/s has been attempted.

2.1.2 Disqualification sanctions

The disqualification sanctions provided for by the Decree are only applied in relation to offences for which they are specifically intended, and particularly, for the following types:

- a) offences committed in the relations with the Public Administration (Articles 24 and 25 of the Decree);
- b) cybercrime and illegal data processing (Article 24-Bis of the Decree);
- c) organized crime offences (Article. 24-ter of the Decree);



- d) counterfeiting of currencies, credit cards and stamp duties (Article 25-Bis of the Decree)
- e) offences against trade and industry (Article 25-bis.1. of the Decree);
- f) offences for the purpose of terrorism or subversion of the democratic order (Article 25-
quater of the Decree);
- g) offences of female genital mutilation practices (Article 25-
quater.1 of the Decree);
- h) offences against the individual (Article 25-
quinquies of the Decree);
- i) manslaughter or serious or very serious personal injuries committed in breach of the rules
on occupational health and safety (Article 25-
septies of the Decree);
- j) receiving stolen goods, money laundering and using money, goods or benefits of illicit
origin, as well as self-laundering (Article 25-
octies of the Decree);
- k) offences related to copyright infringement (Article. 25-
novies of the Decree);
- l) transnational offences, introduced by the Article 10 of Law No. 146/2006, (Law of
ratification and execution of the United Nations Convention and Protocols against
transnational organised crime);
- m) environmental offences (Article 25 undecies of the Decree);
- n) tax offences (Article 25-
quinquiesdecies of the Decree).

Specifically, disqualification sanctions are the following:

- a) ban on performing business;
- b) suspension or revocation of authorisations, licenses or concessions functional to the
commission of the offence;
- c) prohibition on contracting with the Public Administration, except for obtaining the
performance of a public service;
- d) exclusion from aid, loans, grants or subsidies and/or possible revocation of those
already granted;
- e) prohibition from publicising goods or services.

In order to inflict disqualification sanctions, at least one of the conditions as per Article 13 of L. D. no. 231/01 are required to take place, i.e.:

- a) *“the Entity earned from the violation a profit of considerable importance and the violation was perpetrated by top-level subjects, or by subjects under the direction and control of others when the commission of the crime was determined or facilitated by serious lack of organization”;* or
- b) *“in case offences have been repeatedly perpetrated”.*

In any case, disqualification sanctions are not applied when the offence was committed in the prevailing interest of the author or of third parties and the Entity has gained a minimum or no advantage or in case the patrimonial damage caused is of small tenuity.

The application of the disqualification sanctions is also excluded in case the Entity has adopted the remedy measures provided for by Article 17 of the L. D. no. 231/01 and, more precisely, when the following conditions take place:

- a) *“the Entity has totally refunded the damage and has removed the detrimental or dangerous consequences of the offence or it has efficiently strived to do so”;*
- b) *“the Entity has eliminated the organisational failures that have determined the offence by adopting and implementing organization models suitable to prevent offences such as that occurred”;*
- c) *“the Entity has made available the profit for the purpose of confiscation”.*

The disqualification sanctions may last no less than three months and no longer than two years and the choice of the measure to be applied and its duration is made by the judge based on the criteria previously indicated regarding the proportionality of the pecuniary sanctions, “taking in



consideration the suitability of the single sanctions to prevent offences such as the committed one" (Article 14, L.D. No. 231/01).

Equally, pursuant to Article 45 of the Decree, in case of serious evidence of the existence of the Entity liability for an crime-dependent administrative offence and in case there are well-founded and specific elements leading to believe that danger of offences of the same nature as the concerned one will be committed, upon request by the public prosecutor, the judge may decide, with an injunction, to apply one of the disqualification sanctions provided for by Article 9, paragraph 2 of the Decree, as a precautionary measure.

The Legislator has also specified that disqualification from the activity has a residual nature compared to the other disqualification penalties.

Pecuniary sanctions are reduced from 1/3 to a half in relation to the commission whenever there is an **ATTEMPT** to committ the crimes as per Article 26 of the L.D. 231/01.

2.1.3 Confiscation

Pursuant to Article 19 of the L. D. 231/01, the condemnation judgement always establishes the confiscation - even for equivalents - of the price (money or other economic utility given or promised to induce or lead another subject to commit the offence) or of the profit (immediate gained economic utility) of the offence, except for the part that can be returned to the damaged party and without prejudice to the rights acquired by good-faith third parties.

2.1.4 Condemnation judgement publication

The publication of the condemnation judgement in one or more newspapers, of an abstract thereof or entirely, may be established by the judge together with billposting in the municipality where the entity has its headquarters, when a disqualification sanction is applied. The publication is performed by the chancellor's office of the relevant judge and is charged to the Entity.

It should finally be specified that the judge may also establish:

- a) the preventive seizure of the assets concerned by the confiscation, in compliance with Article 53 of the Decree; or
- b) the precautionary seizure of the property and assets of the Entity in case there is a well-established reason to believe that the guarantees for the payment of the pecuniary sanction, the proceeding expenses or other sums due to the State exchequer, as provided for by Article 54 of the Decree, may lack or may be dissolved.

3. CONDUCTS EXEMPTING FROM ADMINISTRATIVE LIABILITY

3.1 The organisation and management models in general and the Supervisory Board

Articles 6 and 7 of the L.D. no.231/01 provide for specific exemptions from the administrative liability of the entity for offences committed in the interest or to the advantage thereof both for Top-Level Subjects and Subordinated Subjects.

In particular, in case of offences committed by Top-Level Subjects, the Article 6 of the Decree provides to exempt the entity from the administrative liability in case the Entity proves that:

- a) the head management has adopted and effectively implemented, before committing the offence, an organisation and management model suitable for preventing offences such as the occurred one;
- b) the task of supervising the operation and compliance with the Model as well as of proposing updating it has been entrusted to the Supervisory Board of the Entity, provided with independent initiative and control powers;



- c) individuals who have committed the offence have acted circumventing fraudulently the Model;
- d) there was no omission or insufficient supervision by the Supervisory Board of the Entity;
- e) in case of attempted crimes, it voluntarily prevents the action from being accomplished or the event from occurring.

As concerns the Subordinated Subjects, the Article 7 of the Decree provides the exemption from liability in the event the Entity has adopted and efficiently implemented, before committing the offence, a Model suitable for preventing offences as that occurred.

The Entity exemption from liability is not however determined by the mere adoption of the Model, but by its effective enforcement by implementing all the procedures and controls required to limit the risk of committing offences that the company intends to prevent. In particular, referring to the characteristics of the Model, the Decree expressly provides - in Article 6, paragraph 2 - the following steps leading to a proper implementation of the Model:

- a) identifying the business activities wherein there is the possibility of committing offences;
- b) providing for specific protocols intended to plan the training and implementation of the Entity decisions in relation to offences to be prevented;
- c) identifying modes for managing financial resources suitable for preventing such offences from being committed;
- d) providing for obligations to inform the Supervisory Board;
- e) introducing a suitable disciplinary system suitable for sanctioning failure to comply with the measures indicated in the Model.

3.2. Confindustria guidelines

Based on the indications provided by the representative Legislator, the Models may be adopted based on codes of conduct drawn by trade representative associations, communicated to the Ministry of Justice which, in joint agreement with the relevant ministries, may express observations, within a 30-day-period, on the suitability of the models to prevent the offences.

The preparation of the present Model has been inspired by Confindustria Guidelines. The path indicated by Confindustria guidelines to draw up the Model may be outlined in the following fundamental points:

- a) identifying risk areas, aiming at verifying the company areas/sectors wherein offences may be committed;
- b) providing for a control system capable of reducing risks by adopting specific protocols. This is supported by the coordinated set of organisational structures, activities and operating rules applied - upon indication of the top-level - by the company management and staff, intended to provide a reasonable certainty in terms of achieving the purposes falling within a good internal control system.

The most relevant components of the preventive control system set forth by Confindustria are the following:

- provision of a code of ethics setting the general conduct guidelines;
- definition of an organisational system intended to guarantee a clear and coherent assignment of the tasks as well as to verify the compliance of behaviours;
- identification and report of the potential risks and adoption of the related instruments suitable to mitigate them;
- adoption of manual and computer procedures;
- structuring an authorization powers and signature system, consistent with the duties assigned and aimed at ensuring a clear and transparent representation of the decision-making and implementation business process;



- structuring a proper control and management system;
- implementation of a communication and training programme for the staff;
- application of disciplinary sanctions in case of behaviours violating the conduct rules established by the Company.

The control system must also be informed as regards the following principles:

- verifiability, demonstrability, consistency and compliance of each operation;
- function separation (no one can autonomously manage an entire process);
- the controls must be documented;
- introduction of a suitable sanction system for breaching the rules and procedures provided for by the model;
- identification of a Supervisory Board whose requirements are:
 - I. autonomy and independency;
 - II. professionalism;
 - III. continuity of action;
 - IV. honorability.
- c) obligation by the company functions, and particularly by those identified as more exposed to “offence risk”, to provide information to the Supervisory Board, both on a regular basis (periodic information notice in compliance with the Model), and to signal anomalies or irregularities encountered within the scope of the information available.



4. Model

4.1 Company L.F. S.P.A. A SOCIO UNICO

Company details	
Company: L.F. S.P.A A SOCIO UNICO	
Registered office address: CESENA (FC) - VIA VOLTRI, 80	
Business sector of the company: WHOLESALING OF SPARE PARTS, ACCESSORIES AND AUTOMATIC MECHANISMS FOR HEATING, CONDITIONING, REFRIGERATION SYSTEMS, BURNERS, HOUSEHOLD APPLIANCES, INDUSTRIAL AUTOMATIC EQUIPMENT.	
Registration at the Registry of Businesses of FORLI'-CESENA No. 00958880403 Date 19/02/1996	
Code of Classification of Economic Activity ATECO 2002 referred to the main business: 46.74. 2	
Company purpose: Trade on its own account or on behalf of third parties, both on a wholesale and retail basis, by mail-order or on-line and rental of any article already included in the product groups D, E, F, G, H provided for by Law 426/71. The company shall also perform manufacturing activities of the above articles. The company shall promote the setting up or have, both directly and indirectly, interests, quotas or shares of other corporates, companies, consortium and entities in general, for instrumental purposes and in an extent that is not prevalent compared to the business constituting the company purpose. It shall carry on all the activities required or useful to achieve the company purposes, among which real estate, movables, industrial, commercial and financial transactions, including therein the granting of collateral or personal guarantees, issued for the company interest, for bonds of its own or of third parties. All such activities shall be carried one within the limits and in compliance with the rules governing the business as well as in compliance with the legislation in relation to the activities reserved to individuals registered to boards, associations, or professional registers. In particular, financial activities must be performed in compliance with the applicable laws.	
VAT NO. 00958880403	
Tax code: 00958880403	
Phone no.: 0547/341111	
Fax no.: 0547/341110	
E-mail: info@lfricambi.it	
CERTIFIED MAIL: lf@pec.lfspareparts.com	

Legal Representative: WIEGAND ALEXANDER KARL FRANZ (Chairman of the Board of Directors) and Mr. LEONARDO RAGGI (Chief Executive Officer)
Directors: WIEGAND ALEXANDER KARL FRANZ (Chairman of the Board of Directors), RAGGI LEONARDO (Chief Executive Officer), RICCI VALERIA (Member of the Board), DZIDO JOSIP (Member of the Board)
Special Legal Representatives: Foschi Patrizia, Cicognani Enrico, Cuttone Giorgia, Bolognesi Beatrice
Health and Safety Manager: Mr. Domenico Mirri
Board of Statutory Auditors: Mr. Caruso Pier Paolo, Mr. Petrucci Marco, Mr. Vicini Marco
Audit company: PricewaterhouseCoopers S.p.A.
Criminal record of the Directors: none

By enforcing new rules and market requirements for the traded products, a concrete quality and safety policy has been implemented, which makes it possible to organise the activities through the adoption of processing procedures and techniques, and to obtain a cutting-edge product in terms of safety, efficiency and lawfulness.

The company keeps on growing and, in order to continuously improve, has obtained the certificates:



UNI EN ISO 14001:2015 (REGISTERED OFFICE)



UNI EN ISO 9001:2015 (REGISTERED OFFICE)



administrative liability, the individuals who have committed the offence must have acted by fraudulently circumventing the Model and the controls adopted by the Company. Without prejudice to the above, the assessment of the nature of acceptable risk must also be based on the compared analysis of the costs and related benefits.

4.4 The design of the Model and its adoption

In the light of what set forth in the previous paragraph 4.1, while designing the present Model, the Company has considered it as appropriate to take into consideration the Offence Risk Areas related to activities performed and managed by L.F. S.P.A.

It derives, therefore, that the Special Parts of the present Document contain indication of the Offence Risk Areas of L.F. S.P.A. managed by L.F. S.P.A. staff.

As regards the design of the present Document, even according to the indications contained in Confindustria Guidelines, the drafting of the Model was structured in the hereinafter described steps:

- a) identification of the predicate offences virtually relevant to the Company;
- b) identification of the Offence Risk Area and of the possible ways of committing them;
- c) carrying out interviews with the subjects informed within the company structure in order to identify the main risk factors, as well as to detect, analyse and assess the suitability of the existing business controls;
- d) identification of the aspects to be improved in the inner control system;
- e) gradual adjustment of the inner control system in order to reduce the identified risks to an acceptable level.

The adoption of the present Model is transferred by the Decree to the company senior management (and, in particular, to the Board of Directors), which is also in charge of integrating and updating the present Model with Special Parts related to the other types of offences expressly provided for within the scope of application of the L.D. no.231/01.

4.5. The documents connected to the Model

The following documents form and shall form integral and substantial part of the present Model:

- the Code of Ethics as per the following Paragraph 6;
- the organisation structure intended to guarantee a clear and consistent distribution of the duties;
- the Procedures intended to guarantee segregation of roles or, in alternative, of the compensatory control, a suitable transparency and knowability of the processes as well as to govern the operative modes intended to take and implement decisions within the scope of the Offence Risk Areas, herein including those related to the proper management of the financial resources, as well as to control the conduct compliance;
- the system of proxies and decision-making powers, consistent with the duties assigned in order to ensure a clear and transparent representation of the business decision-making and implementation process;
- the Sanction System, as better described in the following Paragraph 7.

It follows that the term Model does not only refer to the present document, but also to all the additional documents that will be adopted later as provided for by the same and intended to achieve the aims therein indicated.



5. SUPERVISORY BOARD

5.1 Characteristics of the Supervisory Board

The provisions of the L.D. no. 231/01 (Articles 6 and 7) and the indications contained in the enclosed Relation of the L.D no. 231/01, the characteristics of the SB, such as to ensure an actual and effective implementation of the Model must be:

- a) **Autonomy and independency.** It is necessary for the SB not to be directly involved in the management activities that constitute the object of its control activity, and therefore, that it is not subjected to influences or interferences by the senior management. For the purposes of independency it is further necessary that the SB is not assigned operative duties which would compromise its objective judgement when verifying conducts and the effectiveness of the Model.
- b) **Professionalism.** The SB must possess technical-professional expertise suitable for the functions it is required to perform. Such characteristics, together with independency, ensure objective judgement.
- c) **Continuity of action.** The SB must perform the activities required for monitoring the Model on a regular basis with proper dedication and with the necessary enquiry powers as well as be a structure related to the Company, so as to guarantee proper continuity in the supervising the activity.
- d) **Honorability.** The SB must possess the following requirements:
 - not being in a condition of temporary disqualification or suspension from management offices of legal entities and companies;
 - not being in any of the situations of ineligibility or forfeiture provided for by Article 2382 of the Criminal Code, with reference to directors and deemed as applicable, for the purposes of the Model, also to the SB;
 - not having been subjected to preventive measures pursuant to Law no. 1423 of 27 December 1956, ("Preventive measures towards high-risk persons for security") or Law no. 575 of 31 May 1965, ("Provisions against the Mafia") and following modifications and integrations, without prejudice to the effects of rehabilitation;
 - not having been condemned, even if with suspended sentence, without prejudice to the effects of rehabilitation:
 - for one of the crimes provided for by the Royal Decree of 16 March 1942, no. 267 (Bankruptcy Law);
 - for one of the crimes provided for by Title XI of the Book V of the Civil Code ("Criminal provisions on companies and Consortia");
 - for a not unintentional offence, for a term not less than one year;
 - for a crime against the Public Administration, against public faith, against property, against the public economy.

5.2 The identification of the Supervisory Board



The company has set up an external monocratic board, named as Supervisory Board in charge of supervising on a continuous basis the effective operation and the compliance with the Model 231 as well as of updating it.

The SB is represented by Mr. **Gualtiero Roveda** endowed with suitable technical and professional abilities.

More precisely, the appointment of Mr. Gualtiero Roveda as SB aims at guaranteeing the compliance of such body with the above-mentioned requirements of autonomy, independency, professionalism and continuity of action.

The SB continuously monitors the real implementation of the Model 231, and, to this aim:

- Performs inspection activity with procedures predetermined and approved by the senior management body;
- Has access to all the documents regarding the Model 231;
- May ask information to anybody operating on behalf of the company within the scope of the risk areas identified at Point 1.2 and of the sensitive processes indicated at Point 1.3, even without prior authorisation of the Board of Directors;
- Receives the information specifically referred to as compulsory by the Model 231;
- Proposes the sanction procedures provided for at Point 1.7;
- Submits the Model 231 to periodic examination and takes cares of updating it, proposing the suitable modifications to the Board of Directors. In particular:
 - Verifications of the actions put in place: an examination of the main actions and most relevant contracts, concluded in the risk areas, will be periodically carried out, basically on a yearly basis;
 - Monitoring activities on the effectiveness of the Model 231, having the purpose of verifying the consistency degree between the Model provisions and the concrete conducts of their recipients;
 - Verifications of the procedures: the actual operation of the present Model 231 will be periodically verified, basically on a yearly basis, in the ways established by the SB. Furthermore, a revision will be carried out of all the warnings received during the year, of actions undertaken by the Supervisory Board and by other concerned subjects, of events deemed as risky, of the awareness of the staff in relation to the alleged offences provided for by the L.D. 231/01 with sample verifications and interviews;
- As a result of the overall verifications, a report shall be drawn to be submitted to the Board of Directors' attention, concurrently with the annual report prepared by the SB, drawing the attention on potential shortcomings and suggesting the actions to be undertaken;
- Expressing advice concerning the adequacy and suitability of the modifications of the Model 231, conceived by the Board of Directors' initiatives, before being adopted.

As a result of each examination activity, the SB draws a report whose content is communicated to the Board of Directors.

5.3 Duration of the appointment and termination causes

The SB is in charge for one year and shall be tacitly renewed every year.

The termination of the appointment of the SB shall take place due to one of the following causes:

- a) expiry of the terms of the appointment;
- b) revocation of the SB by the Board of Directors;
- c) occurrence of one of the forfeiture causes as per the following paragraph 5.4.



The revocation of the SB shall take place only for just cause such as, for exemplary purposes, the following instances:

- a) the case wherein the SB is involved in a criminal trial regarding a crime commission;
- b) the case wherein the disclosure commitments required to the SB have been violated;
- c) a serious negligence in performing the tasks related to the appointment;
- d) the potential involvement of the Company in a civil or criminal proceeding, related to failure or insufficient monitoring, even unintentional.

The revocation is established by the Board of Directors' resolution.

5.4. Cases of ineligibility and forfeiture

The causes of ineligibility and/or forfeiture of the SB are:

- a) lack of one of the honorability requirements as per paragraph 5.1;
- b) disqualification, incapacitation, bankruptcy, or in any case, the criminal sentence, even not yet final, for one of the offences provided for by the Decree, or a sanction involving disqualification, even on a temporary basis, from public service or from performing executive duties;
- c) the existence of kinship, spouses or relations up to the fourth degree with the members of the Board of Directors or the Statutory Auditor of the Company, or with external subjects in charge of the auditing of accounts.

Should a cause of forfeiture occur during the appointment, the SB is required to immediately inform the Board of Directors.

5.5 The sources of the Supervisory Board

The Board of Directors allocates to the SB the sources deemed as necessary in order to perform the assigned duty.

5.6 Functions, duties and powers of the Supervisory Board

In compliance with the indications provided for by the Decree, the function of the SB is in general to:

- a) supervise the effective implementation of the Model in relation to the different types of offences taken into consideration therein and make sure to inflict the disciplinary sanctions;
- b) verify the effectiveness of the Model and its real ability to prevent committing the concerned offences;
- c) identify and propose to the Board of Directors updates and modifications of the Model in relation to the amended regulation and/or the changed company needs or conditions;
- d) verify that the updating and modification proposals formulated by the Board of Directors have effectively been introduced in the Model.

Within the scope of the above-described function, the SB is in charge of the following duties:

- a) periodically verifying the map of the Offence Risk Areas and the adequacy of the control points in order to propose modifications related to changes within the company activity and/or structure. For this purpose, the Recipients Model, as better described in the special parts thereof, must report to the SB on situations likely to expose L.F. S.P.A. to the offence risk.

All the communications must be drawn in written form and transmitted to the specific certified electronic mail (PEC) activated by the SB odv.studioroveda@pec.libero.it.

Any warning, even anonymous, shall be sent, besides by e-mail, in written form to the



address: Organismo di Vigilanza, L.F. S.P.A. c/o Studio Legale Roveda, Via G. Bruno n. 118, 47521 Cesena.

The SB will evaluate the warnings without revealing the name of the addresser, under its own responsibility and fully autonomously. The information will be treated under strict confidentiality, for the only purposes provided for by the L.D. no. 231/01 and in such a way as to safeguard and guarantee the addresser. Whistleblowers in good faith are guaranteed against any retaliation, discrimination or penalisation and, in any case, the confidentiality of the whistleblower's identity is ensured, without prejudice to the legal requirements and the safeguard of the Company rights or of the people wrongly accused and/or in bad faith. Should the warnings arrive anonymously, taking into consideration the critical issues treated, the SB shall have the possibility not to evaluate the content thereof and decide to immediately file them in order to prevent instrumental or purely informative uses;

- b) periodically carrying out, based on the previously established activity plan of the SB, verifications and inspections focused on specific operations or acts, put in place within the Offence Risk Areas;
- c) gathering, processing and storing the relevant information (including warnings as per the following paragraph) in order to comply with the Model, as well as updating the list of information which must be compulsorily transmitted to the SB;
- d) carrying out the internal enquiries to ascertain the alleged violations of the provisions of the present Model brought to the attention of the SB by specific warnings or arisen during the supervisory activity thereof;
- e) verifying that the elements provided for in the Model for the different types of offences (standard clauses, procedures and related controls, proxy system, etcetera) are effectively adopted and implemented and fulfil the compliance needs of the L.D. no. 231/01, while arranging, if not, for proposing correction actions and updates thereof;
- f) arranging for the information notice directed to the Head Management, Board of Directors and Statutory Auditor.

In order to perform the aforementioned functions and duties, the SB is entrusted with the following powers:

- a) having access to the several company documents, in a widespread and detailed manner, in particular to those having contractual and non-contractual nature, established between the Company and Third Parties;
- b) availing himself of the support and cooperation of the various company structures and social bodies that might be concerned, or in any case involved in the control activities;
- c) awarding specific advisory and assistance assignments to experts in the subject matters required from time to time. For this purpose, in the resolution by the Board of Directors through which the SB is appointed, specific spending powers are awarded to such body.

5.7 Obligations to report on official acts

In any case, in addition to the previously mentioned reporting, the SB must be compulsory informed on:

- a) measures and/or information from law enforcement bodies, or any other authority, revealing that enquiries are being carried out, even if directed to unknown persons, for offences as per L.D. no. 231/01;
- b) reports prepared by other company functions or by the Statutory Auditor within their control activity, from which facts, acts, events or omissions may arise containing critical aspects as regards the compliance with the rules of the L.D. no. 231/01;



- c) news related to the effective implementation, at all levels of the company, of the Model with evidence of the disciplinary proceedings performed and of any sanctions inflicted or of the decisions to file such proceedings with the relative reasons;
- d) the proceedings and/or information received from the competent Authority after inspections carried out towards the Company and from which violations of the provisions included in the L.D. no. 231/01 have arisen.

5.8. Obligations of the Supervisory Board to report

The SB must periodically provide information, substantially on a yearly basis, to the Board of Directors of L.F. S.P.A. on the effective compliance of the present Model 231.

The SB may be summoned at any time by the aforesaid bodies and shall be able, in turn, to submit request to do so, in order to report on the compliance with the Model or on specific situations.

Written evidence of each contact or meeting of the SB with the Board of Directors and/or the Statutory Auditor or single components of such bodies shall remain filed among the Company documents.

For the purposes of the Model implementation, the SB is required to promote specific initiatives intended to train and disseminate the Model.

In this respect, the SB shall take part in preparing the required documentation.

It must be specified that training activities shall be performed with different degrees of in-depth analysis and modes depending on the Recipients of the Model.

For exemplary purposes, training to Subordinated Subjects shall take place based on meetings, periodic updating seminars and, for newly hired employees, with an information notice contained in the employment letter.

For the purposes of an adequate training activity, L.F. S.P.A., in joint cooperation with the SB, shall arrange for the dissemination of the Model and the Procedures.

Regarding communication, Third Parties should be duly provided with specific information on the Model and Procedures by L.F. S.P.A.

5.9. Information and training obligations of L.F. S.P.A.

In order to guarantee the efficacy of the Model, L.F. S.P.A. aims at ensuring proper knowledge of all the Recipients, even according to their different level of involvement in critical processes. For this purpose, all the staff has been invited to take part to the on-line training course, organised by the OMM working group that has issued the related certificate of attendance.

For this purpose, L.F. S.P.A. shall arrange for diffusing the Model by means of the following general ways:

- communication to the staff, accompanied by an acceptance receipt declaration, that L.F. S.P.A. has adopted an Organisation, management and control Model pursuant to L.D. no. 231 of 2001;
- the Model shall be made available for staff to refer to by exhibiting it on the notice board and in the computer filing system.
- handover of an information/training document and/or invitation to participate training/updating lessons when scheduled.



Newly employed staff shall be informed on the adoption of the Organisation and Management Model by the Company, in the body of the employment letter. In particular, in the aforesaid letter, it shall be stated that the Legislative Decree no. 231 of 8 June 2001 has introduced an administrative - but in actual facts criminal - liability regime chargeable to companies in relation to some types of offences and that the violation of the provisions and procedures contained in the model is sanctioned at disciplinary level.

5.9.1. Information notice to external associates and partners

All the subjects external to the Company (consultants, partners, etcetera) will be duly informed about a Model, including a Code of Ethics, being adopted by L.F. S.P.A.

They will in addition be required to undertake to comply with the provisions contained in the aforementioned documents. Regarding external consultants who cooperate, on a regular basis with L.F. S.P.A., the latter shall take care of contacting them and make sure, by detailed verifications, that said consultants acknowledge the Model of the company and are willing to fulfil it.

5.9.2. Training

The contents of the training programmes shall be examined and verified by the SB.

Formal record of the training needs to be taken.

In general, training may also be held online. Furthermore, the Supervisory Board shall send informative and training OMM newsletters to the Company. L.F. S.P.A, shall, therefore, send the aforesaid newsletters to the staff concerned requiring workers to sign a receipt and acceptance declaration.

As far as training and refresher courses are concerned, attendance is compulsory as well a final evaluation test capable to certify the quality of the training activity received.

5.9.3. Staff training - subject matters

Training must be subdivided in two parts: a “general” part and a “specific” part, having a possible and/or partial character.

The “general” part, directed to the all the staff, must contain:

- regulatory, case law and best practice references;
- administrative liability of the entity; object, principle of the Decree, nature of the liability, news in the regulatory framework;
- recipients of the Decree;
- prerequisites for liability imputation;
- description of the predicate offences;
- types of sanctions applicable to the entity;



- conditions for liability exemption or limitation thereof.
- *whistleblowing* discipline and procedure.

During the training the following activities will be performed:

- the subjects are made aware of the importance that L.F S.P.A. ascribes to the adoption of a risk control and management system;
- the structure and the contents of the Model adopted, as well as the method approach for fulfilling and updating it are described.

Within the context of the training concerning the “specific” part, addressed to those subjects who operate in specific areas at risk of committing offences ascribing to the L.D. no. 231 of 2001 and only for the areas at risk they may be involved with, attention is drawn to:

- the detailed description of the single specific offences;
- the identification of the authors committing the offences;
- providing examples of how offences may be put in place;
- the analysis of the applicable sanctions;
- matching the single specific offence with the specific risk areas highlighted;
- specific prevention protocols identified by the Company to avoid incurring in the identified risk areas;
- behaviours to be put in place regarding communication and training of hierarchical personnel, in particular personnel operating in the company areas deemed as critical are described;
- behaviours to be put in place with respect to the SB, as regards communication, whistleblowing and cooperation with the supervising and updating activities of the Model are explained;
- managers of the company functions who are potentially at risk of committing offences and related hierarchical personnel are made aware of the behaviour to be followed, of the consequences resulting from failure to comply with them, and in general, of the Model adopted by L.F. S.P.A.

The training activity of the staff must start as soon as the organisation Model is adopted. It must then be proposed again to newly employed staff and upon relevant changes in the company organisation or legislative amendments (such as the introduction of new predicate offences), events that furthermore require a revision of the organisation Model. It is in any case appropriate to hold training sessions after the first one (on a yearly or two-year basis) especially intended for those who are mainly exposed to the risk of committing offences or at the head of the entity, who always have to bear in mind the essential concept of the system 231.

Implementation mode

Training may be implemented in a class or remotely and even by handing out an information/training document.



FLOWS PLAN TOWARDS THE SB PROVIDED FOR BY THE L.F. S.P.A. MODEL

The addressee of the communications and reports in the table is always the SB of L.F. S.P.A.

Frequency	Within	Competence	Scope	Contents
PROMPTLY	3 working days	Audit company	Administration and Finance	Communicates any critical issue detected in the administrative and accounting management
		Board of Statutory Auditors	Administration and Finance	Communicates any critical issue detected in the administrative and accounting management
		All the functions managers	Relations with Public Administration	In case of P.A. Inspections: transmission of the copy of the access report within 24 hours
		Legal Representative		report on the information required by the supervisory authorities
		Legal Representative	Sensitive area as per L. D. 231/01	Anomalies acknowledged by external auditors
		HR Manager	Personnel	report on personnel hired with previous experiences in the P.A. sector or with kinship or affinities with employees/associates or subjects in charge of offices in the Public Administration
				In case of inspections; transmission of the copy of the access report within 24 hours
Report on changes in the safety organisation chart				
YEARLY	31 December	Administration Manager	Certification Systems	Annual report of the Certifying Company
		Board of Statutory Auditors	ADMINISTRATION AND FINANCE	Report on the compliance by the Company bodies with the law and the Statute, compliance with the principles of proper administration and in particular on the adequacy of the organisational, administrative and accountant structure adopted by the company and proper functioning thereof
		Audit company	ADMINISTRATION AND FINANCE	Report and examination of the financial statement
		HR Manager	WORKPLACE HEALTH&SAFETY MANAGEMENT SYSTEM -	Report of statistics of accidents at work
		Environmental Management System Manager	ENVIRONMENTAL MANAGEMENT SYSTEM	Waster disposal unit report



6. CODE OF ETHICS

The Code of Ethics contains the “company ethics” principles belonging to **L.F. S.P.A.**, which thereby requests adherence and compliance thereto by internal and external subjects.

Ethics is the set of public and private conduct rules that a person or a group of persons, according to his/her/their nature and willingness, chooses and follows in his/her/their professional activity.

The Code represents a set of principles and rules whose compliance by all the employees and associates is fundamental for the proper Company functioning, reliability and reputation.

The company Code of Ethics must be brought to the attention of all the Employees, Associates and those involved in a business relationship with the company.

The Code of Ethics is an integral part and constitutes implementation of the Model 231 adopted by the company in order to prevent offences committed in the interest or to the benefit of the corporate by the subjects referred to by the L.D. no. 231 of 8 June 2001.

COMPANY MISSION

Founded in 1982, **L.F. S.p.A.** is an Italian multinational company leader in Europe in the distribution of spare parts and accessories for professional kitchens, washing, commercial refrigeration, coffee machines, bar equipment and vending machines.

L.F. S.p.A. is one of the most important world distributors capable of offering spare parts both for the professional and domestic sector.

Prompt problem-solving solutions, related to plant maintenance, together with prompt order fulfilment and deliveries are a peculiarity of the service which makes it possible to fully assist users.

The aim of **L.F. S.p.A.** is to represent a point of reference for customers and operators both in terms of company performance and for the professional attitude of its staff, thus encouraging brand recognition as a guarantee of a service that is efficient and constant over time.

L.F. S.p.A. intends to create value

- for **customers**, through the attention to quality in the relationships with customers, the acknowledgement of the needs thereof, the offer of products and relations suitable for each segment and market;
- for **shareholders**, through the increase in profitability and value over time, balanced development, market diversification and widening, responsible management of the risks;
- for the **territory**, by means of a forward-looking company development that positively affects the local areas wherein it operates;
- for the **personnel**, developing internal skills, implementing an ongoing-training process, promoting professional growth, fully valuing people who cooperate to achieve common goals.

6.1 PRINCIPLES

RESPECT



Respect shall be intended as transparency, fairness and understanding towards people we cooperate with and towards the Company. Criticism shall always be meaningful and lead to improvement: actions or behaviours are reprimanded, but never are people. Approval shall be made public, while reprimand shall be made in private. Respect held towards people shall be given also to the workplace and the company assets, as they are the tools making it possible to achieve the set goals. Such tools shall always be kept efficient, clean and tidy. The company assets placed in the workplace are used and may be used only for working purposes.

INVOLVEMENT

The working process involves significantly human resources.

For this reason, L.F. S.p.A. takes great care of the *HR* sector, having as its primary goal the training of employees/associates in order to let the entire staff reach the top professional and quality level.

Involving and being involved means listening to the people with no prejudice, understanding expectations and needs, conveying strong motivation, informing about the goals and results achieved, communicating ideas, even the simplest ones. A principle that is shared within this Company is that a person is not considered only as he/she is, but for what he/she might become. The company is an interest for everyone. Being part of a great organisation is a matter of pride for everyone.

CONCRETENESS AND SELF-INITIATIVE

It is necessary to act and take care of practical aspects with determination, based on actual facts. Planning is encouraged as much as possible to avoid potential problems and waste of time. It is also important to evaluate at any time the cost-benefit relationship regarding ideas put forward and projects developed. The job shall be carried on with order and continuity.

RESPONSIBILITY AND MANDATE

One must act with the awareness of having to account for their and other people's actions and solve the problems without placing the burden on the others. In case such a responsibility implies discomfort, it means that one does not have the required knowledge to perform it; one should not be discouraged nor reject it, but simply obtain the necessary knowledge.

As the Company grows, it is increasingly necessary to delegate responsibilities and encourage individuals to take initiatives. In order to do so, open-mindedness and skills are needed: individuals who have been delegated with authority and responsibility shall be willing to put in place all their skills and constantly enrich their competences through in-depth study and updating activities. Thereby operating with the utmost commitment for achieving the targets assigned and performing their job with the professionalism required by the nature of the tasks and functions exerted.

LEGALITY, HONESTY AND FAIRNESS

It is necessary to always operate in full compliance with the laws, professional ethics and internal rules. Pursuance of the company interests shall never justify a conduct contrary to the principles of legality, fairness and honesty. Relationships with external parties are based on criteria and behaviours guided by fairness, cooperation, loyalty and mutual respect, while fixing the attention to the non-disclosure of company information especially confidential information.

HEALTH PROTECTION IN THE WORKPLACE



The company undertakes to create and keep a safe, healthy and productive working environment for all the employees and associates. Everyone shall commit to have the working activities performed in full compliance with safety and hygiene regulations. Such a condition is considered as the starting point to continuously improve also in the operation cost-effective ratio. It is strongly believed that all the efforts intended to improve safety also benefit the company image and help to create a new staff awareness regarding respect for injury prevention and hygiene in the workplace.

PROTECTION OF THE ENVIRONMENT AND OF SUSTAINABLE DEVELOPMENT

The Company is committed to operate in full compliance with the environment protection, the regulations in force and the principles of the sustainable development. All the staff undertakes to provide the utmost cooperation and contribute to pursue outstanding results in such sector.

6.2 VALUES

BEHAVIOURAL INTEGRITY AND RESPECT OF LAWS AND REGULATIONS

The Company undertakes to produce and provide top-quality products and to compete on the market according to the principles of equal and free competition, while keeping fair relationships with all the public, government and administrative institutions, with the citizenship and third companies. Everyone is required to operate, in any situation, with integrity, transparency, consistency and equity, treating each business relationship with honesty. The company operates in strict compliance with the Law and strives for all the staff to behave accordingly: individuals must behave in compliance with the Law, whatever the context and the activities carried out and the places wherein they operate. Such commitment must be endorsed also by consultants, suppliers and anyone having a working relation with our organisation. The company shall not start nor continue any relationship with those who are not willing to embrace this principle.

REJECTION OF ANY DISCRIMINATION

In the decisions affecting relationships with the concerned parties (human resources management and work organisation, selection and management of suppliers, relationship with the surrounding community and with institutions representing it), this organisation avoids any discrimination on the grounds of age, sex, sexual orientation, health state, race, nationality, political opinions and religious faith of its interlocutors. And the company's goal is to offer its addressees equal opportunities at equal conditions. All the addressees are required to cooperate for reaching such a goal.

CENTRALITY, DEVELOPMENT AND PROMOTION OF HUMAN RESOURCES AND EQUITABLE AUTHORITY

The company acknowledges the central role of human resources and believes that a crucial element for success and development is provided by the professional contribution of the people working therein.

The company attributes the utmost importance to those who work within the organisation, contributing to enhancement thereof, in that by virtue of human resource the company is able to provide, develop, improve and ensure an excellent management of its services. Without prejudice



to legal and contractual provisions as regards workers duties, employees are required professionalism, dedication, loyalty, collaborative spirit, mutual respect, sense of belonging and morality. In managing contractual relationships involving hierarchical relations, our company undertakes to make sure that authority is exerted in an equitable a fair way and that any form of abuse is avoided: in particular the company guarantees that authority shall not be transformed into power damaging the individual's autonomy. Such values must be in any case safeguarded while making choices regarding the work organization.

TRANSPARENCY AND BUSINESS ETHICS

The history, identity and the company values are declined in a business ethics based on:

- **Reliability**
intended as a guarantee of absolute seriousness in the projects approved, transactions and commitments undertaken.
- **Solidity**
related to an entity which stands on well-defined asset bases, as witnessed by its long-lasting activity.
- **Transparency**
resulting from the concept of social role imposed not only by the compliance with the principles and ethic jobs but also by the implementation of ways enabling the reference community and social actors to have information available so as to reconstruct its actions.
- **Fairness in the contractual field**
avoiding that, as regards the existing contracts, anyone acting on behalf of the company attempts to take advantage of contractual shortcomings or unpredictable events in order to negotiate anew the contract with the only purpose of taking advantage of the position of dependency and weakness of the interlocutor.
- **Protection of competition**
by not adopting any collusive, predatory behaviours or abuse of dominant position.

6.3 EXTERNAL RELATIONSHIPS

RELATIONSHIPS WITH CUSTOMERS

Fair trading is a key factor to maintain and enhance relationships with customers.

Orders must be fulfilled as promptly as possible in order to ease solving problems afflicting end-users.

Lead times must be adapted to the amount of work and an accurate activity planning must be carried out.

It is worth pointing out that any error represents a disruption for the customer and implies high reinstatement costs to be afforded by the company.

RELATIONSHIPS WITH SUPPLIERS

Everyone is required to respect individuals and be as kind with customers as with suppliers. It is extremely important to carry out thorough examination before engaging suppliers, sub-suppliers, contractors, craftsmen or external services suppliers. The quality of our products or services depends to a great extent on them. Price is not the only distinguishing element, and in many cases, it is not the most important.



RELATIONSHIPS WITH PARTNERS

In the event of involvement in initiatives with other subjects, the following indications shall be fulfilled:

- i) Establishing relationships only with partners or associates who enjoy a commercially reliable reputation, who are inspired by ethical principles comparable to those of the Company and who act in compliance with the Code;
- ii) Ensuring transparency of agreements and avoid signing covenants or agreements contrary to the Law;
- iii) Promptly reporting any behaviour by the subsidiary company, a partner or an associate emerging as contrary to the Code.

MANAGING INFORMATION

Confidentiality is considered as a fundamental value. Communicating reserved or confidential information obtained in the company workplace is forbidden. Everyone is required to implement the procedures adapted to ensure confidentiality of information, compliance with the legislation on personal data and desist from searching for confidential data by illegal means.

Everyone shall commit to guarantee security and integrity of the company information and *know how*.

INTELLECTUAL PROPERTY

Each employee shall protect all the information constituting the company intangible assets. Protection of intellectual property including distinctive marks, patents, trademarks, technical knowledge, know-how and competences acquired during the company activities, as well as price lists, images, catalogue, assembly instructions, etcetera.

Employees are required to safeguard, maintain and defend the company's rights in all the intellectual property and commercially relevant areas and to exert such rights responsibly.

COPYRIGHT

Reproduction, distribution or modification of copyrighted material without prior consent of the owner of the rights is illegal and forbidden. Duplication of copyrighted material without authorization may lead to violations liable to civil or criminal sanctions. Computer software is usually copyrighted and is sold subject to license agreements that may restrict its use. No company executive manager, officer or employee may copy software or use it on different computers, unless licence agreements expressly consent it.

FRAUD, THEFTS, GIFTS, MONEY OFFERS AND CONFLICT OF INTEREST

The business activities of this Company shall reflect the values of honesty, loyalty, fairness, solidarity towards the others and sense of responsibility. Any action implying theft, fraud, embezzlement, misappropriation of any property is strictly forbidden. Relations with the representatives of Public and Supervisory Institutions shall be based on principles of transparency and professionalism, with an attitude of utmost cooperation intended to substantially comply with the regulation in force. Making the right thing also means making commercial and management choices based on honesty and integrity, based on objective elements such as costs, quality, value, service and ability to carry out the undertaken commitments. Therefore, the associates of this



Company may not accept nor offer gifts, money, courtesies or entertainment or favours, unless they have a nominal value and are normal for the business circumstance. All associates must desist from any action or relation that might enter into conflict or be apparently in conflict with the Company interests. Conflicts of interests arise when an associate uses its position for personal profits or in the event that the associate's personal interests enter into conflict with the company's interests.

6.4 CONDUCT CRITERIA

INTRODUCTION

The rules contained in the present section aim at indicating to the recipients of the present Code of Ethics the attitudes and behaviours to be kept while carrying out the different business activities in compliance with the values inspiring the present document.

All the recipients of the present Code of Ethics must keep a fair and transparent conduct in performing their roles, thus contributing to an effective internal control system for protecting the company value.

In compliance with the laws, all the recipients must keep an attitude based on willingness to cooperate with the company members and the supervisory authorities.

RELATIONSHIPS WITH PERSONNEL

▪ **Staff recruitment**

The evaluation of the staff to be hired, or in partnership, is done by comparing the candidate profiles with the expected ones and the inner needs, in compliance with equal opportunities for all the subjects concerned. Information required is strictly linked to verifying the aspects envisaged by the professional and psychometric profile, in full respect of the candidate private life and opinions. In the staff selection process, the General Management adopts suitable measures in order to avoid any kind of favouritisms and preferential treatments and performs a careful selection also based on preferential aspects decided by the Board of Directors, in addition to binding aspects.

▪ **Establishing the working relationship**

Personnel is hired with a regular working, professional service or internship contract: no irregular form of employment is allowed.

▪ **Individual integrity and protection**

In the framework of the HR management and development, as well as in the selection step, decisions are made according to a correspondence between searched-for profiles and profiles possessed by individuals and/or on merit considerations. Roles and appointments are assigned based on competences and skills. Furthermore, in order to assist maternity as well as those people who need to take care of their children, forms of flexibility in the working organisation are encouraged as long as they are compatible with the general job efficiency.

▪ **Valuing and training human resources**

The company provides people with information and training tools in order to enhance the specific skills and foster the professional value of staff. Institutional training is provided, offered at predefined periods of the professional life, to the person (e.g.: for new recruits an introduction to business is provided) as well as on-going training directed to operational personnel (e.g.: training regarding safety in the workplace, regarding the management of L.D. no. 231 and the code of ethics).



OBLIGATIONS FOR THE DEPARTMENT MANAGERS TOWARDS THE CODE OF ETHICS

Each department manager, identified as such in the organisation chart, in the job description and/or in the proxy system, must:

- ensure greatest dissemination and knowability of the present Code;
- check compliance with the Code of Ethics by subjects directly or indirectly subordinated to his/her responsibility;
- represent an example, with his/her behaviour, for employees/associates;
- make sure that employees understand that the provisions contained in the present Code of Ethics are an integral part of their working performance and prevent and suppress any retaliation towards anyone contributing to the implementation of the present Code;
- promptly report to the General Direction or a possible representative or to the SB any information or specific need by subordinated subjects;
- ensure that verifications are carried out upon news of violation of the Code and that sanctions are applied in case of violations;
- ensure even interpretation and implementation of the present Code, as well as periodic updating thereof.

Failure to comply with the obligations in the present chapter by department managers shall imply the application of disciplinary sanctions, as provided for by the sanction system.

OBLIGATIONS FOR ALL THE EMPLOYEES TOWARDS THE CODE OF ETHICS AND THE DOCUMENTS DRAWN BY THE COMPANY

Each employee is required to know the provisions contained in the Code of Ethics or referred to by it as well as the reference laws regulating the activity developed within its function which are an integral part of the working performance of everyone. Any employee who is aware of any alleged illegal conduct is required to communicate the news he/she is aware of only to his/her managers or to the SB and/or to the General Direction in the ways established by the inner system.

OBLIGATIONS FOR EVERYONE **CONSULTANTS, ASSOCIATES, TRAINEES, SERVICES COMPANY, SUPPLIERS AND THIRD PARTIES**

Each one of the subjects concerned by the present point, each one in relation to the type of relationships held with the Company, is required to know, even concisely, the principles and provisions contained in the Code of Ethics or referred to by it as well as by the statutory and contractual rules regulating the contractual relation between the parties. The subject aware of conducts which might be illegal must formally communicate the news he is aware of concerning such conducts only to the SB and/or to the Company Head Management through the suitable modes (whistleblowing).

SUPERVISORY BOARD ARTICLE 6 OF THE L.D. 231/2001

Anyone may report a violation or suspected violation of the Code of Ethics to the Supervisory Board of the company that will analyse the warning.

The Supervisory Board, among other duties, is in charge of:

- verifying periodically the application and compliance with the Code;
- verifying the content of the Code and identifying any required adjustments;
- undertaking any further dissemination activity of the Code;
- proposing to the administration body modifications and integrations to the Code;
- receiving notifications of violations of the Code and performing inquiries;



- protecting and assisting subjects indicating behaviours non-compliant with the Code, protecting them from pressures, interferences, intimidation and retaliation;
- preparing on a yearly basis a report relative to the activity carried out to be submitted to the administrative body.

CONFLICTS WITH THE CODE OF ETHICS

Should even only one of the provisions of the Code of Ethics be in conflict with the provisions provided for by the inner rules or procedures, the Code of Ethics will prevail on any one of these provisions.

7. SANCTION SYSTEM FOR NON-COMPLIANCE WITH THIS MODEL AND THE REFERRED RULES – PROVISIONS

7.1 General principles

The Company L.F. S.P.A. acknowledges and declares that the preparation of an adequate system of sanctions for the violation of the rules and provisions contained in the Model is an essential condition to ensure the effectiveness of the Model itself.

In this regard, in fact, the same Article 6, paragraph 2, letter e), of L.D. no. 231/01 stipulates that organization and management models must "*introduce a disciplinary system suitable for sanctioning non-compliance with the measures stated in the model.*"

The application of the sanctions described therein **is irrespective of the outcome of any criminal proceedings**, since the rules of conduct imposed by the Model pursuant to L.D. no. 231/01 must be complied with at all times and regardless of the implementation of disciplinary/judicial proceedings.

More precisely, failure to comply with the rules and provisions, contained in the Model, inherently damages the existing relationship of trust with the Company and entails actions of a sanctioning and disciplinary nature regardless of the possible establishment or outcome of criminal proceedings.

This is also done to ensure compliance with the principles of timeliness and immediacy of the notification and imposition of sanctions, in compliance with the relevant legal provisions in force with reference to the employment relationship.

7.1.1 Employment relationships

With reference to employment relationships, this Sanction System, in accordance with Article 2106 of the Civil Code, specifies the contents of the national collective labour agreement (CCNL) applied to employees for everything that is not expressly provided for and limited to the cases contemplated therein.

7.1.2 Relations with other parties

In the event that any subject with whom the Company has a contract (regardless of the formal or non-formal nature of the relationship), with the express exclusion of employees only, violates the rules and provisions provided for by the Model, the sanctions of a contractual nature provided for



by this Sanction System shall be applied, the general principles of which must be considered for all legal and contractual purposes as an integral part of the contractual agreements in place with the subjects concerned.

7.2 Criteria for the imposition of sanctions

The type and extent of specific sanctions shall be applied in proportion to the seriousness of the violation and, in any case, according to the following general criteria:

- a) subjective element of the conduct (intent, fault);
- b) relevance of the obligations violated;
- c) potentiality of the damage resulting to the Company and of the possible application of the sanctions provided for by the L.D. no. 231/01;
- d) level of hierarchical or technical responsibility of the person concerned;
- e) presence of aggravating or mitigating circumstances, with particular regard to the previous work performed by the person to whom the Model is addressed and to the record of disciplinary actions of the last two years;
- f) possible sharing of responsibility with other employees or third parties in general who have participated in determining the violation.

If several violations, punished with different sanctions, have been committed through a single act, only the most serious sanction shall be applied.

Repeat offences in the two-year period shall automatically result in the application of the most serious sanction within the prescribed type.

The principles of timeliness and immediacy of the charge require the imposition of the sanction regardless of the possible establishment and outcome of criminal proceedings.

7.3 Definition of "Violation" for the purposes of the operation of this Sanction System

By way of mere general and illustrative example, the following constitutes a "Violation" of this Model:

- a) the execution or omission of actions or behaviours, which do not comply with the law and the prescriptions contained in the Model itself, resulting in the perpetration of one of the offences set forth in the L.D. no. 231/01;
- b) the execution or omission of actions or behaviours, which do not comply with the law and the prescriptions contained in the Model itself, exposing the Company even only to a situation of mere risk of committing one of the crimes covered by the L.D. no. 231/01.

In particular, referring specifically to the issue of health and safety in the workplace, the Company has identified, by way of example, the following cases of Violation, listed in descending order of severity:

- a) Violation of health and safety regulations resulting in the death of one or more persons;



- b) Violation of health and safety regulations resulting in "very serious" impairment, pursuant to Article 583, Paragraph 1 of the Criminal Code, of the physical integrity of one or more persons;
- c) Violation of health and safety regulations resulting in "serious" impairment, pursuant to Article 583, Paragraph 1 of the Criminal Code, of the physical integrity of one or more persons;
- d) Violation of health and safety regulations resulting in impairment of the physical integrity of one or more persons;
- e) Violation of health and safety regulations from which there is even a danger of impairment of the physical integrity of one or more persons.

7.4 Sanctions for employee personnel

The sanctions that can be imposed on employee personnel in case of violations of the Model's rules in increasing order of severity are:

A) aimed to preserve the employment relationship:

- I. **Verbally inflicted reprimand.**
- II. **Reprimand inflicted in writing.**

For disciplinary measures that are more serious than a verbal reprimand, a written reprimand must be made to the employee, specifically stating the offence committed.

The measure may not be issued until five days have elapsed since the determination of the violation, during which the worker may submit his/her justifications and may be assisted by a Union representative. The disciplinary measure must be justified and communicated in writing. The worker may also submit his/her justifications verbally. Disciplinary rules relating to sanctions, offences in relation to which each of them may be applied and the procedures for challenging them must be brought to the workers' attention through channels of communication accessible to all.

- III. **Fine not exceeding the amount of four hours of regular pay.**
- IV. **Suspension from service and pay for a maximum of ten days.**

B. aimed to terminate employment:

I. dismissal for justified reason - applies in the following cases:

- violation of one or more prescriptions of the Model by a conduct such as to result in the possible application of the sanctions provided for in L.D. no. 231/01 against the company;
- significant non-fulfilment of the contractual obligations of the employee or due to reasons inherent to the production activity, work organization and its regular operation (as per Article 3, Law 604/66);



II. dismissal for just cause, pursuant to Article 2119 of the Civil Code - applies in the following cases:

- conduct in blatant violation of the prescriptions of the Model, such as to lead to the actual application by the Company of measures provided for in L.D. 231/2001, such conduct having to be recognized as a "**wilful violation of laws or regulations or of official duties that may cause or has caused great damage to the Company or third parties.**"
- conduct leading to the perpetration of an offence provided for in the L.D. no. 231/2001.

7.4.1 Sanctions for employees with a "managerial" position

This Model is brought to the attention of the managers of L.F. S.P.A. through specific communication actions. In the event of violation by managers of the internal procedures provided for in the Model or adoption, in the performance of activities in areas at risk, of a conduct that does not comply with the requirements of the Model itself, the following sanctions shall be applicable against those responsible:

- a)** in case of **non-serious violation** of one or more behavioural or procedural rules provided for in the Model, the manager incurs a written reprimand to comply with the Model, which is a necessary condition for maintaining the fiduciary relationship with the Company;
- b)** in the event of a **serious violation** of one or more prescriptions of the Model such as to constitute a significant breach, the manager is subjected to the measure of dismissal with notice;
- c)** where the violation of one or more prescriptions of the Model is so serious as to irreparably damage the relationship of trust, not allowing the continuation, even temporary, of the working relationship, the manager is subjected to the measure of dismissal without notice.

The relationship that binds those who hold a managerial position in the Company is to be considered fiduciary in nature. Therefore, in this case it is considered that the only applicable sanction will be termination of the relationship.

The imposition of the aforementioned sanction is justifiable whenever a Manager of the Company has a conduct that infringes the rules making up the Model such as to irreparably affect the existing relationship of trust.

The disciplinary measures examined in this paragraph are applied on the basis of the criteria for establishing proportionate sanctions and in compliance with the procedure for determining violations.

7.5 Corporate disciplinary sanction procedure for all employees

The Company adopts a standard corporate procedure for the application of disciplinary measures to its employees, including managers, and the imposition of related sanctions. This procedure complies with the forms, methods and timelines provided for by the Workers' Statute (Article 7 of Law 300/70), the applied national collective labour agreement (CCNL), as well as all other relevant legislative and regulatory provisions.



The functioning and proper application of the procedures for establishing and sanctioning disciplinary offences is constantly monitored by the Personnel Department and the SB.

7.6 Sanctions for Directors and members of the Board of Statutory Auditors

If the Model is violated by one or more Directors, the Chairman of the Board of Directors, one or more members of the Board of Directors or the Board of Statutory Auditors of the Company, the SB will inform the entire Board of Directors and the entire Board of Statutory Auditors without delay and in writing.

The corporate body to which the person responsible for the violation belongs and is accountable shall take the most appropriate and adequate actions according to the seriousness of the violation and in accordance with the powers provided by law and/or the statute.

7.7 Sanctions for consultants, associates, trainees, service companies, suppliers, customers and third parties

Any conduct engaged in by consultants, associates, trainees and third parties who have any kind of relationship with the Company, contrary to the rules that make up the Model and are aimed at preventing the risk of committing an offence sanctioned by L.D. no. 231/2001, may determine, as laid down in specific contractual clauses included in letters of appointment, agreements and contracts, the immediate termination of the contractual relationship.

Such conduct shall be fully evaluated by the SB, which, after hearing the opinion of the Head of the Function/Department that requested the intervention of the professional and after warning the person concerned, shall promptly report in writing to the Chairman of the Board of Directors and, in cases deemed more serious, also to the Board of Statutory Auditors.

L.F. SPA also reserves the right to bring a claim for compensation, should such conduct result in substantial damage to the Company, both material (in particular, if a judge imposes the pecuniary or disqualification measures provided for by the Decree itself) and image-related damage.

7.8 Ascertaining sanctions

With reference to the procedure for ascertaining violations, it is necessary to maintain the distinction, already clarified in the introduction, between individuals having an employment relationship with the Company and other categories of individuals.

For the former, the disciplinary procedure can only be the one already regulated by the "**Statute of Workers' Rights**" (Law No. 300/1970) and the current national collective labour agreement (CCNL). To this purpose, even for violations of the rules of the Model, the powers already conferred, within the limits of their respective competencies, are unaffected; however, the need to involve the SB in the procedure for ascertaining violations and the subsequent imposition of sanctions in case of violations of the rules that make up the adopted Model is in any case provided for.

Therefore, a disciplinary measure shall not be filed or a disciplinary sanction imposed for the above violations without previously informing and hearing the SB, even if the proposal to open disciplinary proceedings comes from the Board itself.



For other categories of individuals, having a relationship with the Company other than employment, the disciplinary proceedings shall be handled by the Chairman of the Board of Directors and must also be reported to the SB.

In the case of a violation committed by a director or a Statutory Auditor, the body to which he or she belongs will also be concerned, while for violations committed by persons having a contract in place with the company, L.F. may exercise the right to terminate it in accordance with the provisions of the existing contractual clauses.

7.9 Register of violations and sanctions

The Company shall set up a specific register in which it will report violations and infringements of the rules contained in the Model, stating the people having responsibilities and the sanctions adopted against them.

In dealings with Third Parties, entry in this register entails the prohibition of establishing new contractual relations with the individuals concerned, unless otherwise decided by the Board of Directors.