

Vernay Italia S.r.l. Unipersonale

ORGANIZATION, MANAGEMENT AND CONTROL MODEL

pursuant to Legislative Decree no. 231 of 8 June 2001

APPROVED BY THE BOARD OF DIRECTORS ON DECEMBER 5, 2023

TABLE OF CONTENTS

<u>GENERAL PART</u>	7
1. COMPANY PRESENTATION	7
1.1 ROLES, DUTIES AND RESPONSIBILITIES WITHIN THE ASTI CORPORATE STRUCTURE	8
2. THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL	9
2.1 APPLICABLE REGULATORY FRAMEWORK AND RECIPIENTS	9
2.2 FUNCTION OF THE MODEL	11
2.3 DRAFTING OF THE MODEL	12
2.4 IN PARTICULAR: DESCRIPTION OF THE RISK ANALYSIS METHODOLOGY	14
2.4.1 Risk Assessment.....	15
2.4.2 Gap Analysis	16
2.4.3 Confindustria Guidelines.....	17
3. THE ORGANIZATIONAL MODEL IN THE CONTEXT OF VERNAY ITALIA S.R.L. UNIPERSONALE	18
3.1 DRAFTING AND PRINCIPLES	19
3.2 ADOPTION AND UPDATING.....	20
3.3 FUNCTION AND EFFECTIVENESS OF THE MODEL	21
3.4 TRAINING OF RESOURCES AND DISSEMINATION OF THE MODEL	22
4. THE SUPERVISORY BODY	24
4.1 INTRODUCTION	24
4.2 FUNCTIONS, COMPOSITION AND REQUIREMENTS	24
4.3 FUNCTIONS, DUTIES AND POWERS	27
4.4 SUPERVISORY BODY REPORTING TO THE SENIOR MANAGEMENT.....	30
4.5 INFORMATION FLOWS TO THE SUPERVISORY BODY: GENERAL INFORMATION AND SPECIFIC MANDATORY INFORMATION	32
5. THE SYSTEM OF DELEGATED POWERS AND POWERS OF ATTORNEY	33
6. THE WHISTLEBLOWER PROTECTION SYSTEM	35
7. THE DISCIPLINARY AND SANCTIONS SYSTEM	41
7.1 GENERAL PRINCIPLES.....	41
7.2 SANCTIONS AGAINST EMPLOYEES	42
7.3 SANCTIONS AGAINST MANAGERS	42
7.4 DISCIPLINARY MEASURES AGAINST DIRECTORS	43
7.5 DISCIPLINARY MEASURES AGAINST AUDITORS	43
7.6 DISCIPLINARY MEASURES AGAINST COLLABORATORS, CONSULTANTS AND PARTNERS/SUPPLIERS	43
7.7 DISCIPLINARY MEASURES AGAINST THE SUPERVISORY BODY	43
8. RELATIONSHIP BETWEEN THE MODEL AND THE CODE OF ETHICS AND GENDER EQUALITY	43
<u>SPECIAL PART</u>	45

FOREWORD TO THE SPECIAL PART	45
9. CRIMES COMMITTED IN DEALINGS WITH THE PUBLIC ADMINISTRATION, EXTORTION, UNLAWFUL INDUCEMENT BY AN OFFICIAL TO GIVE OR PROMISE A BENEFIT AND CORRUPTION (ART. 24 AND 25 OF LEGISLATIVE DECREE 231/01)	46
9.1 DEALINGS WITH THE PUBLIC ADMINISTRATION	46
9.2 SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	48
9.3 OFFENCES IN DEALINGS WITH THE PUBLIC ADMINISTRATION, UNLAWFUL RECEIPT OF DISBURSEMENTS, FRAUD TO THE DETRIMENT OF THE STATE OR OF A PUBLIC OR EU BODY OR FOR OBTAINING DISBURSEMENTS OF PUBLIC FUNDS, COMPUTER FRAUD TO THE DETRIMENT OF THE STATE OR OF A PUBLIC BODY AND FRAUD IN PUBLIC PROCUREMENT (ARTICLE 24 OF LEGISLATIVE DECREE 231/2001). EMBEZZLEMENT, EXTORTION, UNLAWFUL INDUCEMENT BY AN OFFICIAL TO GIVE OR PROMISE A BENEFIT AND BRIBERY/CORRUPTION AND ABUSE OF OFFICE (ARTICLE 25 OF LEGISLATIVE DECREE 231/2001). 49	
9.4 FORBIDDEN CONDUCT WITHIN THE COMPANY.....	57
9.5 SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	58
10. CORPORATE CRIMES (ARTICLE 25-TER LEGISLATIVE DECREE 231/01).....	59
10.1 CORPORATE CRIMES.....	59
10.2 SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	63
10.3 FORBIDDEN CONDUCT WITHIN THE COMPANY.....	63
10.4 SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	64
11. CRIMES OF BRIBERY/CORRUPTION AMONG PRIVATE INDIVIDUALS (ARTICLE 25-TER(1) S-BIS OF LEGISLATIVE DECREE 231/01).....	67
11.1 SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE.	68
11.2 FORBIDDEN CONDUCT WITHIN THE COMPANY.....	68
11.3 SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	69
12. CRIMES OF RECEIVING STOLEN GOODS, MONEY-LAUNDERING AND USE OF MONEY, GOODS OR ASSETS OF ILLICIT ORIGIN, AND SELF-LAUNDERING (ARTICLE 25-OCTIES OF LEGISLATIVE DECREE 231/01), AND SMUGGLING	69
12.1 CRIMINAL OFFENCES OF RECEIVING STOLEN GOODS, MONEY-LAUNDERING AND USE OF MONEY, GOODS OR ASSETS OF ILLICIT ORIGIN, AND SELF-LAUNDERING	69
12.2 CRIMES OF SMUGGLING	73
12.3 SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	75
12.4 FORBIDDEN CONDUCT WITHIN THE COMPANY.....	77
12.5 SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	78
13. CRIMES OF MANSLAUGHTER AND SERIOUS OR GRAVE PERSONAL INJURY, COMMITTED IN BREACH OF APPLICABLE WORKPLACE HEALTH AND SAFETY PREVENTION RULES (ART. 25-SEPTIES OF LEGISLATIVE DECREE 231/01).....	79
13.1. CRIMES OF MANSLAUGHTER AND SERIOUS OR GRAVE PERSONAL INJURY, COMMITTED IN BREACH OF APPLICABLE WORKPLACE HEALTH AND SAFETY PREVENTION RULES	79
13.2 SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE.	81
13.3 FORBIDDEN CONDUCT WITHIN THE COMPANY.....	82
13.4 SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	82
14. ENVIRONMENTAL OFFENSES (ART. 25-UNDECIES OF LEGISLATIVE DECREE 231/01).....	85

14.1	ENVIRONMENTAL OFFENSES	85
14.2	SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	88
14.3	SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	88
15.	CRIMES OF RECRUITMENT OF UNDOCUMENTED THIRD COUNTRY NATIONALS (ART. 25-DUODECIES OF LEGISLATIVE DECREE 231/01)	90
15.1	CRIMES OF RECRUITMENT OF UNDOCUMENTED THIRD COUNTRY NATIONALS.....	90
15.2	SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	90
15.3	SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	91
16.	CRIMES AGAINST INDUSTRY AND COMMERCE (ART. 25-BIS(1) OF LEGISLATIVE DECREE 231/01)	91
16.1	CRIMES AGAINST INDUSTRY AND COMMERCE.....	91
16.2	SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	93
16.3	FORBIDDEN CONDUCT WITHIN THE COMPANY.....	93
16.4	SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	93
17.	CRIMES OF FALSIFICATION OF CURRENCY, PUBLIC CREDIT NOTES, OFFICIAL STAMPS AND IDENTIFICATION INSTRUMENTS OR MARKS (ART. 25-BIS OF LEGISLATIVE DECREE 231/01)	94
17.1	CRIMES OF FALSIFICATION OF CURRENCY, PUBLIC CREDIT NOTES, OFFICIAL STAMPS AND IDENTIFICATION INSTRUMENTS OR MARKS.....	94
17.2	SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	95
17.3	FORBIDDEN CONDUCT WITHIN THE COMPANY.....	95
17.4	SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	96
18.	COMPUTER CRIMES AND UNLAWFUL DATA PROCESSING (ART. 24-BIS OF LEGISLATIVE DECREE 231/01)	96
18.1	COMPUTER CRIMES AND UNLAWFUL DATA PROCESSING	96
18.2	SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	99
18.3	FORBIDDEN CONDUCT WITHIN THE COMPANY.....	99
18.4	SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	100
19.	COPYRIGHT INFRINGEMENT (ART. 25-NOVIES OF LEGISLATIVE DECREE 231/01) ... 103	
19.1	COPYRIGHT INFRINGEMENT OFFENSES.....	103
19.2	SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	105
	THE FOLLOWING ARE THE SENSITIVE PROCESSES CONNECTED WITH THE CATEGORY OF CRIMINAL OFFENSES CONSIDERED IN THIS SECTION:	105
19.3	SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	105
20.	CRIMES AGAINST PERSONAL DIGNITY (ART. 25-QUINQUIES OF ITALIAN LEGISLATIVE DECREE NO. 231/01)	105
20.1	CRIMES AGAINST PERSONAL DIGNITY	105
20.2	SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	106
20.3	SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	106
21.	CRIMES OF INDUCEMENT NOT TO MAKE STATEMENTS, OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITIES (ART. 25-DECIES OF LEGISLATIVE DECREE 231/01)	107

21.1	CRIMES OF INDUCEMENT NOT TO MAKE STATEMENTS, OR TO MAKE FALSE STATEMENTS TO THE JUDICIAL AUTHORITIES	107
21.2	SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	107
21.3	FORBIDDEN CONDUCT AND SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES ..	107
22.	TAX OFFENSES.....	108
22.1	RELEVANT OFFENSE CATEGORIES	108
22.2.	DEFINITIONS	109
22.3	PREDICATE OFFENSES	110
22.4	SENSITIVE PROCESSES IN VERNAY ITALIA S.R.L. UNIPERSONALE	114
22.5	FORBIDDEN CONDUCT WITHIN THE COMPANY.....	115
22.6	SPECIFIC PRINCIPLES FOR THE APPLICATION OF PROCEDURES.....	117
22.7	USE OF THIRD-PARTY SERVICES.....	118
22.8	APPROVAL BY THE SENIOR MANAGER IN CHARGE OF ACCOUNTING AND TAX MANAGEMENT	119
23.	ANNEXES	119

DEFINITIONS

"Risk Areas": areas of activity considered to be potentially vulnerable to the risk of commission of the criminal offenses set out in Legislative Decree 231/2001 (these are also referenced in this document as "Offences", simply).

"Sensitive Processes": activities of the company that are vulnerable to the risk of Offences.

"c.c.": Civil Code.

"CdA": Company's Board of Directors.

"National Collective Labor Agreement": the Italian collective bargaining agreement through which the company regulates relations with its employees.

"Code of Ethics": a document that identifies the set of values and rules of conduct that the company upholds, and to which it intends always to refer in the context of its activities.

"Consultants": those who act in the name and/or on behalf of the company based on a term of service or other professional arrangement.

"Recipients": (i) the Governing Bodies and all those who hold representation, management (including *de facto*) and administrative functions in the company, (ii) employees of the company, including managers, (iii) non-company collaborators

(such as professionals and consultants, also in the form of companies, trainees, interns etc.) of the company.

"Employees": all persons who have signed a formal employment relationship with the company.

"Legislative Decree 231/2001" or the **"Decree"**: Legislative Decree no. 231 of June 8, 2001, entitled *"Regime of administrative liability attributable to legal persons, companies and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of 29 September 2000"*, as amended.

"Entities": legal persons to which the regime of Legislative Decree 231/2001 applies.

"Guidelines": Guidelines for the drafting of organization, management and control models pursuant to Legislative Decree 231/2001, most recently updated by Confindustria in June 2021.

"Model": the Organization, Management and Control Model provided for by Legislative Decree 231/2001.

"Governing Bodies": the Board of Directors, the Board of Statutory Auditors and the Shareholders' Meeting.

"Supervisory Body": the internal corporate body in charge of supervising the operation of and compliance with the Model and its updating, vested with independent powers of initiative and control."

"PA": the Public Administration, including its officials and, with specific reference to crimes against the PA, public officials and public service officers.

"Partners": the contractual counterparties of the company, such as service companies, agents, partners, whether natural or legal persons, with whom the company reaches any form of contractually regulated collaboration arrangement and who are to collaborate in activities that constitute Sensitive Processes.

"Procedures": documents of various kinds (e.g. instructions, rules) aimed at defining how a specific activity or process is to be carried out.

"Protocols": a set of company rules and standards such as (without limitation) procedures, operating rules, manuals, forms and notices to personnel.

"Quotas": a measure used in Legislative Decree 231/2001 for calculating fines, ranging from a minimum of 100.00 euros to a maximum of 1,000.00 euros.

"Offences": the "predicate" offenses to which the regime of Legislative Decree 231/2001 applies.

"Vernay" or **"company"**: the company *Vernay Italia S.r.l. Unipersonale*, with headquarters in Rilate n. 21, 14100 Asti (Italy).

"Whistleblowing": a mechanism that, by reason of their functions, obliges employees and/or non-company collaborators, partners, consultants or suppliers to report unlawful conduct using special company channels, if evidence happens to emerge - based on precise and concordant facts - of infringements and/or possible infringements of the Model, Code of Ethics, of internal company and group rules, and of any other regulation (also external) applicable and relevant to the company.

GENERAL PART

1. COMPANY PRESENTATION

The company **Vernay Italia S.r.l. Unipersonale**, with headquarters in Asti, is part of the U.S. multinational group *Vernay Laboratories Inc.* with its principal place of business in Georgia, USA. The group has manufacturing plants in the USA, the Netherlands, Italy and China and sales organizations in various parts of the world, and has been in the market for over 75 years. The *Vernay Italia* plant, in particular, is actively expanding to serve customers in the biomedical sector. It has state-of-the-art laboratories and technical instrumentation used in the design and process control phases, and it has recently introduced cleanliness and bioburden measurements.

The Vernay Group's main activity is the design, manufacture and marketing of precision technical rubber and assembled items integrating complex functionalities, intended for the flow control of fluids (such as water, air, technical gases, blood, drugs, reagents) for the medical device sector and the diagnostic, primary packaging, automotive and white goods sectors.

The Engineering, R&D and Quality departments are responsible for designing the technical solution, based on customer requirements, and oversee the project throughout the subsequent stages of prototyping, industrialization and validation. The product development team includes professional figures such as new product development engineers who participate in design activities in the various specialties within the medical sector, such as (but not limited to) extracorporeal circulation, hemodynamics, hemostasis, laparoscopic access, drainage, vacuum therapy, dialysis (acute, chronic and peritoneal) and ophthalmology.

The Vernay Group has more than 32,000 proprietary formulations of elastomeric materials, developed over the years to meet the needs of its customers'

applications. Material customization is a key element in many applications in the medical industry, where some of the most popular polymers, such as silicone, polysoprene and perfluoroelastomers are combined with other elements to give the material the properties needed to ensure the functionality and stability demanded by the application. The company employs analytical tools such as FEA, Fluid Dynamics Analysis and others to design and test proposed technical solutions.

Vernay Italia, in addition to its compliant management of all mandatory regulations and rules (such as those referable to Legislative Decree 81/2008 or EU Regulation 679/2016), has obtained and kept the following certifications over the years:

- ISO 14001
- EN ISO 13485
- UNI CEI EN ISO/IEC 17025
- ISO 9001
- IATF 16949
- ISO 14001
- ISO 45001

1.1 Roles, duties and responsibilities within the Asti corporate structure

The company *Vernay Italia* is organizationally structured according to a logic of functional roles and responsibilities, and the corporate organizational chart displays the corresponding hierarchical levels. A number of company functions may be covered by external individuals whose names are highlighted and who are considered an integral part of the organizational structure.

The organization, in terms of job roles, positions and responsibilities, is therefore described in detail in the updated version of the organizational chart, attached to this Model (Annex no. 3), according to a hierarchical/functional arrangement. The job descriptions and operational roles reference documents that describe the associated job duties and tasks consistently with similar figures internationally.

The company search record (Chamber of Commerce) may be consulted to check who performs company representation and administrative functions or who holds other offices or positions (such as special representatives and technical managers), and it specifies individual powers for the following figures:

- Chairman of the Board of Directors (company representative);
- Managing Director;
- Directors;
- Auditors;
- External Audit Firm;
- Special representatives;
- Technical managers.

However, the roles and responsibilities of these individual figures are based not only on the provisions of internal documentation and procedures, but on all mandatory rules applicable.

2. THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL

2.1 Applicable regulatory framework and recipients

The Italian Legislative Decree 231/2001, which lays down "*Provisions on the administrative liability of legal persons, companies and associations, including those without legal personality*", introduced into the Italian legal order a regime of administrative liability applicable to companies and associations, including those without legal personality (with the exclusion of the State and local public bodies, as well as other not-for-profit public bodies and those that perform constitutional functions) for specifically listed criminal offenses that are committed in their interest or for their benefit:

(i) by natural persons who hold representation, administrative or management positions in an Entity or in a financially and functionally independent organizational unit thereof, and also by natural persons who exercise (also *de facto*) management and control functions in the said Entities (the senior managers referred to in Article 5(1)(a) and Article 6 of the Decree) - such as e.g. directors, legal representatives, managing director, managers of the various sectors, workplace health and safety protection managers, internal as well as external figures assigned to so-called Sensitive Processes - or

(ii) by natural persons who are subject to the direction or supervision of one of the persons indicated above (the "subordinates" referenced in Article 5(1)(b) and Article 7 of the Decree, including e.g. external collaborators or consultants).

The Entity's liability is additional to the liability (criminal, civil and administrative) of the natural person who actually commits the offense, and is independent of it, as the Entity will be liable (pursuant to Article 8 of the Decree) even if the perpetrator has not been identified or cannot be charged or if the offense has been extinguished for a reason other than amnesty.

Where the criminal offenses specifically identified in the Decree are prosecuted, the regime of administrative liability provided for therein shall be applicable to Entities that have benefited in some way from the commission of the criminal offense or in whose interest the criminal - or administrative - offenses indicated in the Decree have been committed. In order for a legal Entity to be held liable for an individual's wrongdoing, the latter (natural persons) must have committed the act in the interest or for the benefit of the Entity. If, conversely, they acted in their own exclusive interest or that of third parties, then the Entity is not liable.

Note that the concepts of interest and benefit of the Entity are not synonymous. The legal person's "interest" (*interesse*) should be assessed *ex ante* and involves a future possibility of undue enrichment, while the concept of "benefit" (*vantaggio*) should be assessed *ex post*, after the criminal offense has been committed. These circumstances make it difficult to establish the correlation between these objective prerequisites (the interest or benefit of the Entity) and, in particular, the unpremeditated crimes identified by Legislative Decree 231/01. The question has been raised, in this regard, as to how a "benefit" or "interest" might materialize for an Entity in a case e.g. of manslaughter occurring in the context of workplace health and safety processes. The logical-legal reasoning starts from the assumption that the Entity is being blamed for an organizational shortcoming that translates into fault, namely a failure to avert damage to company interests, perhaps due to a desire to contain costs, which results in a benefit to the company.

Disqualification sanctions may be imposed, which certainly impact the Entity more severely, and these include suspension or revocation of licenses and concessions, prohibition on contracting with the PA, disqualification from the activity, refusal or revocation of funding and subsidies, and the prohibition on advertising products and services. The Decree also provides for monetary penalties, variable based on the seriousness of the offense committed. The aforementioned liability also applies to offenses committed abroad, provided that the country in which the

offense was committed does not prosecute them and that the Entity has its principal place of business in Italy.

Please refer to the Special Part of this Model for a detailed breakdown of the criminal offenses listed in the Decree and its subsequent amendments and additions.

2.2 Function of the Model

Having established that Entities may, in principle, be subject to administrative liability, Article 6 of the Decree goes on to state that Entities will be able to avoid liability for the commission of a criminal offense within its remit if it can demonstrate that it adopted and effectively implemented - before the offense was committed, ...*“organization and management models capable of preventing criminal offenses of the type that occurred”*.

Article 6 also provides for creation of an internal control body within the Entity, the Supervisory Body, tasked with monitoring the operation, effective implementation and observance of the said models, and with updating them.

These models of organization, management and control must meet the following requirements:

- they must identify activities which may give rise to the commission of offenses listed in the Decree;
- they must establish specific protocols that can guide the process of formulating and implementing decisions of the Entity in relation to the criminal offenses to be averted;
- they must define procedures for managing financial resources to prevent such offenses from being committed;
- they must establish obligations of reporting to the Body responsible for monitoring the operation and observance of models;
- they must introduce an effective disciplinary system to punish non-compliance with the provisions of the models.

If a criminal offense is committed by a person performing representative, administrative or managerial functions on behalf of the Entity or of a financially and functionally independent organizational unit thereof, or by a person who manages

and control the Entity (*de facto* or otherwise), the Entity will not be liable if it can prove that:

- (i) the governing body adopted and effectively implemented, prior to the commission of the offense, organization and management models capable of preventing offenses of the type that occurred;
- (ii) an internal supervisory body with independent powers of initiative and control has been tasked with supervising the operation of and compliance with the models, and updating them;
- (iii) the perpetrator(s) committed the offense by fraudulently circumventing the models' provisions;
- (iv) the Supervisory Body did not fail in its supervisory duties in relation to the models, either by omission or lack of supervision.

If, on the other hand, offenses are committed by persons under the management or supervision of one of the aforementioned persons, the Entity will be liable if the commission of the offenses was facilitated by the non-performance of management and supervisory duties. If the company can demonstrate that it adopted and effectively implemented models for preventing such offenses before their occurrence, then its liability will be ruled out.

2.3 Drafting of the Model

This Model was prepared and drafted not only by reference to the content of applicable regulations, but also in compliance with the Confindustria Guidelines (most recently updated in June 2021), following a structured sequence of evaluations, analyses and application of tools that enabled the overall process to be managed clearly and logically, in the company's interest.

This activity was carried out in the following four phases:

1) Phase 1 - PROJECT PLANNING AND STARTUP.

In this phase, the preliminaries of the activity were organised and, after the team was set up and a comprehensive analysis of the corporate organization conducted, the following specific activities followed: gathering of documentation, identification of individuals for interview, definition of the content of interviews, definition of business cycles.

2) Phase 2 – RISK ASSESSMENT.

In this phase, interviews were carried out with representatives of the Departments/Functions identified in the previous phase, in order to be able to map and analyse the activities and the internal control system, and then to identify and assess the at-risk areas based on individual activity, and to audit existing procedures. The following control principles (inferable from Confindustria Guidelines) were taken as a reference basis when examining the existing control system:

- existence of formalized procedures;
- traceability and ex-post verifiability of activities and of decisions by means of adequate supporting documentation or information;
- segregation of duties;
- existence of formalized powers of attorney/delegated powers, consistent with the organizational responsibilities conferred.

Once the control safeguards adopted for each confirmed sensitive activity were identified, new control protocols were updated and, where necessary, created.

3) Phase 3 – GAP ANALYSIS.

A comparative analysis was carried out between existing procedures in the company and a theoretical reference model evaluated based on applicable rules, best practices and legal doctrines referenced in Legislative Decree 231/2001, in order to be able to properly assess whether existing procedures were effective in preventing and circumventing Offences.

Through this comparison, it was possible to envision areas for improvement of the existing internal control system and, based on what emerged, an Action Plan was drawn up aimed at identifying the organizational requirements that would typify an Organization, Management and Control Model that conformed to the provisions of Legislative Decree 231/2001, and at detailing the possible actions that could be taken to improve the internal control system in order to improve its efficacy and suitability.

4) Phase 4 – DRAFTING AND ADOPTION OF THE MODEL.

Part of this phase involved customising the Model to the specific type of activities carried out by the company. The Model's completion was facilitated by the previous phases and by the policy choices of the company's decision-making bodies.

2.4 In particular: description of the risk analysis methodology

The management of the risk assessment process and the resulting methodology used represents a critical point in the entire process of developing an Organizational Model.

The so-called "Sensitive Processes" i.e. areas of corporate activity vulnerable to the risk of commission of Offenses under the Decree (i.e. the "predicate" offenses for which Entities are "administratively" liable pursuant to Legislative Decree 231/2001) were identified by a careful analysis of corporate processes and of the possible ways in which offenses might be committed for which for the company could be held liable.

For each Sensitive Activity, existing and applied operational and management practices and also existing control features were identified and analyzed, and a figure responsible for the specific company process in question (Key Officer) was also identified, based on his or her role. A comparative analysis was carried out between the existing and applied internal control system and the principles and content of the Model to be drafted (in particular by analyzing protocols, processes and control safeguards) in order to evaluate its correct application.

The internal control system is defined internationally as a set of mechanisms, practices, procedures and tools implemented by company management in order to ensure the achievement of the company's efficiency objectives, while concurrently guaranteeing the reliability of company business and financial information, compliance with laws and company regulations applied and the safeguarding of company assets and observance of corporate business principles.

The following is a list of the requisite components and features of a control system that are needed in order to ensure effective and proper management:

- organizational structure;
- allocation of authority and responsibility (including specific powers of attorney);
- integrity and respect for corporate ethical values;
- management approach;
- policies and practices affecting personnel;

- the specific competencies of personnel;
- policies toward external suppliers and partners;
- control systems;
- management processes in place to manage nonconformities identified;
- proper implementation of actions identified and assessment of their effectiveness.

2.4.1 Risk Assessment

Risk assessment activities, in particular, were structured according to models and principles detailed in the international reference standards on Risk Analysis (UNI EN ISO 31000 and UNI EN ISO 31010). Of all the possible tools available for impact assessment, the FMEA (Failure Mode Effective Analysis) model was chosen as it has certain key features (e.g. easy application in the specific organizational environment, measurement according to quantitative parameters used as a reference basis in processes of analysis (Probability/Severity/Repetitiveness)) that also guarantee a high level of application in the various business sectors, and the values and associated implications are easily understood. In addition, this tool permits greater objectivity and a possibility of broad-spectrum evaluation through comparison and sharing among the various senior management functions.

The operational sequences used in the risk analysis approach are described below:

- analysis and mapping of processes, then identification of Key Critical Processes;
- analysis and identification of key figures (organizational chart);
- program of interviews with key functions (key officers);
- identification of macro-activities;
- identification of control standards;
- identification of applicable predicate offenses;
- identification of processes vulnerable to the commission of Offences;
- analysis of findings;
- assessment of probability of occurrence using a check list with weighted indices (Probability/Severity/Repetitiveness) for each individual predicate offense under Legislative Decree 231/2001 according to a Current Situation (AS-IS) logic with a Current Risk Index and with a FUTURE or desired Situation

(TO-BE) and related Residual Risk Index evaluated according to the effectiveness of the corrective/preventive actions identified. This Residual Risk parameter, depending on its value on the criticality scale, ensures the proper planning of actions to be monitored.

The extent of the impact (Risk Index) of the individual Risk analyzed is determined by the value obtained from the product of the three items $P \times G \times R$, which also enables one to define the severity of the individual items analyzed and, accordingly, a priority for analysis and possible action.

Actions taken as a result of the analysis conducted are aimed at reducing, minimizing or eliminating the risk identified, and this aspect is identified through the parameter defined as Residual Risk, for each of which an assessment of its acceptability is applied.

The overall risk analysis process should be carried out at least once a year if conditions remain unchanged, otherwise it should be carried out whenever a substantial change occurs that may have regulatory, legislative, organizational, internal documentation etc. aspects or effects. This analysis is carried out at least annually in order to ensure a proper and timely risk assessment in line with organizational as well as regulatory changes and developments that may occur.

2.4.2 Gap Analysis

The process of assessment of controls is facilitated by a comparison between the specific characteristics of the company and the objectives envisaged and required by the application of the Model in conformity with the provisions of the Decree and/or suggested by the Guidelines and by national and international best practices. The adequacy of the Model and of its components is subject to an overall assessment that takes into account the level of risk deemed acceptable by senior management, and this is evaluated using Risk Assessment tools, and is subsequently approved by the entire Board of Directors. From this perspective, the control system is considered adequate if the commission of predicate offenses pursuant to the Decree is likely to occur only by fraudulently circumventing the Model's provisions.

This comparison between the set of existing control safeguards and those that optimally serve the elimination/minimization of risk, permits the organization to

identify a series of actions to integrate and/or improve the offense management system and, accordingly, to identify optimal solutions based on the effectiveness of the controls to be implemented.

2.4.3 Confindustria Guidelines.

This Model was developed by taking into account requirements arising from the specific context in which the company operates which are, therefore, dictated by operational processes linked to the content of the Confindustria Guidelines. The Guidelines are for reference purposes only and are therefore not mandatory, but they are among the documents envisaged by Article 6(3) of Legislative Decree 231/2001, which expressly provides that organizational, management and control models may be adopted based on codes of conduct drawn up by associations representative of the business sector.

As reiterated by the Guidelines, models should be devised and implemented in a way that satisfies the purposes and requirements of the Decree's provisions, namely the prevention of offense risk in a concrete (and not merely theoretical) way that relates to the actual situation in the company, so that the Model can become an integral, effective and constructive part of the its actual day-to-day processes and operations.

The Guidelines recommend drafting models only after the Entity's organizational structure has been thoroughly and comprehensively examined, so that one may then identify the areas and activities that are vulnerable to the commission of Offences envisaged by the Decree.

The Guidelines recommended that the following key elements need to be closely examined for prevention purposes:

- the list of criminal and other offenses considered by Legislative Decree 231/01;
- the description of the Entity's organization as a whole;
- the areas and activities within the Entity's remit that are vulnerable to the commission of Offences under the Decree, and that could trigger liability also for the Entity;
- the conferment of powers of attorney, delegated powers and corporate powers and the extension thereof, obviously only in relation to Offences;

- whether there are any excessive concentrations of power in individuals or individual offices;
- whether a clear and organic assignment of tasks is guaranteed;
- whether the effective activation of organizational resources is guaranteed;
- whether decision-making procedures have been clearly and comprehensively defined for the Entity to follow, which could expose it to liability pursuant to Legislative Decree 231/01;
- the processes and forms of protection recommended by the Model's provisions, so as to avoid their circumvention;
- whether the observance of control and transparency procedures is guaranteed in the creation and management of economic funding;
- the requirement that all persons operating within the Entity should observe mandatory processes of timely information provision to the Supervisory Body;
- the involvement of all personnel and of external collaborators in the project of compliance with the Model's provisions, for example by looking at a system for reporting infringements directly to the Supervisory Body;
- the organization and holding of special training courses for personnel and others who are subject to the Entity's management or oversight, and their sensitization to the risk of commission of criminal and other offenses contemplated by the Decree;
- whether procedures exist for the imposition of suitable sanctions for non-compliance with the Model's provisions;
- whether there are effective processes to disseminate the principles that guided the implementation of the Model among employees and external collaborators;
- the drafting and application of a clause, in contracts regulating dealings between the Entity and individuals working within its organization, by which the signatories declare to be familiar with the Model or, as a minimum, with the guiding principles that inspired it;
- the processes and models for the continuous auditing and updating of the Model.

3. THE ORGANIZATIONAL MODEL IN THE CONTEXT OF VERNAY ITALIA S.R.L. UNIPERSONALE

3.1 Drafting and principles

When drawing up this Model, following a preliminary comprehensive analysis of the company organization, consideration was given to existing procedures and control systems already extensively in place in Vernay, where they were judged to be suitable as means for the prevention of Offences and as means to control Sensitive Processes identified following the risk analysis.

In line with the Guidelines, the internal control system, the management control system and the policies and procedures that comprise it were considered to be general constituent elements of the Model and, in particular:

- company rules applicable to employees (internal rules/standards);
- documentation and provisions that are an intrinsic part of the company's organizational, and thus hierarchical-functional, structure;
- the administrative, accounting and financial system;
- the disciplinary system referenced in the relevant National Collective Labor Agreement;
- the purchasing and logistics process;
- the commercial process;
- the Quality Management System;
- the Environmental Management System;
- the Workplace Health and Safety Management System.

Therefore, although this Model's special purpose is linked to the dictates of Legislative Decree 231/2001, it nevertheless forms part of the broader control system consisting mainly of the internal regulatory system already in place at Vernay.

Key principles enshrined in the Model are aligned with the requirements of Legislative Decree 231/2001, and in particular:

- the importance of appointing a Supervisory Body tasked with promoting the effective and correct implementation of the Model, also through its function of monitoring of conduct within the company and its entitlement to be kept constantly informed about activities relevant for the purposes of the Decree, ensuring that the Supervisory Body has adequate resources to support it in the tasks entrusted to it and to achieve reasonably obtainable results;

- the importance of assessing and auditing the Model's operation, with attendant periodic updates;
- the importance of raising awareness and disseminating throughout the company the rules of conduct and the procedures established;
- the general principles of an adequate internal control system and in particular: the verifiability and documentability of each material transaction relevant to the provisions of the Decree; compliance with the principle of separation of functions; consistency of authorization powers with assigned responsibilities; and the communication of relevant information to the Supervisory Body.

3.2 Adoption and updating

The company adopted its own Organizational Model by resolution of the Board of Directors on December 5, 2023, and established its own Supervisory Body by the same resolution.

At that meeting, each member of the Board of Directors expressly undertook to comply with the provisions of this Model; similarly, each member of the Board of Statutory Auditors, having viewed the Model, expressly undertook to comply with its provisions.

As the Model is "*a document issued by the management body*" (in accordance with Article 6(1)(a) of Legislative Decree 231/2001), any amendments thereof are the responsibility of the Vernay Board of Directors.

The Supervisory Body, vested with specific duties and powers to oversee, develop and continuously update the Model, identifies and drafts amendments and/or additions to the Model that may prove necessary as a result of:

- infringements of the Model's provisions;
- significant changes in the internal organizational structure of the company and/or in the procedures by which its activities are carried out;
- regulatory changes;
- results of audits;

and submits them for discussion and approval to the Board of Directors.

The Board of Directors then decides on the updating and adaptation of the Model based on the changes and/or additions submitted to it.

Once the changes have been approved, the Supervisory Body promptly makes them operational and ensures that they are properly communicated inside and outside the company.

In order to ensure that changes to the Model are made effectively and in good time, while avoiding a lack of coordination between operational processes and the Model's mandatory requirements and the dissemination thereof, the Board of Directors also has authority to delegate the task of updating the Model to the Chairperson or to Directors.

The Board of Directors then ratifies annually any changes made by the Chairperson or the Directors. Pending ratification by the Board of Directors, changes made by the Chairperson or by the Directors shall be deemed to be legally valid and effective.

3.3 *Function and effectiveness of the Model*

The adoption and effective implementation of the Model not only enables Vernay to avail of the exemption pursuant to Legislative Decree 231/2001 in the event of a finding of administrative liability pursuant to that Decree but, within the limits thereof, it also strengthens the company's internal control system by limiting the risk of Offences being committed.

In fact, the purpose of the Model is to have a structured, cohesive and organic system of procedures and preventive control activities, the aim of which is to reduce the risk of Offences being committed by identifying Sensitive Processes within the company and subjecting them to special procedures, for purposes of prevention.

Accordingly, activities which due to their intrinsic nature are considered to be more vulnerable to the commission of Offences are listed in detail in the Special Part of the Model.

The Supervisory Body also has authority to identify additional Sensitive Processes for inclusion in this list, where necessitated by legislative changes or by the evolution of company activities.

The principles enshrined in this Model must, on the one hand, ensure that potential wrongdoers will be fully aware that an offense may be in the process of being committed (directly contrary to the company's interests and policies, even if the company might apparently benefit from such commission) and the principles should also - thanks to the continuous monitoring of activities - enable Vernay to react promptly to avert or prevent the commission of an Offence.

The purposes of the Model, therefore, extend to raising awareness among employees and Governing Bodies who operate on behalf or in the interest of the company within the context of Sensitive Processes, that if their conduct fails to comply with the requirements of the Model and with company procedures in place (or with law), they could be committing offenses that have criminal consequences not only for themselves but also for the company.

It is also intended to actively combat illegal conduct through the Supervisory Body's regular oversight of the actions of employees or non-company collaborators in the context of Sensitive Processes, and the possible imposition of disciplinary or contractual sanctions.

3.4 *Training of resources and dissemination of the Model*

In order for this Model to be fully effective, the company aims to ensure that all human resources, present and future, are well acquainted with the rules of conduct contained therein; varying degrees of in-depth knowledge will depend on the varying degrees to which each resource is involved in Sensitive Processes.

The information and training system is supervised and supplemented by the Supervisory Body's activity in this area (on this corporate body, see below), in collaboration with the Human Resources Manager and with the heads of the other functions regularly involved in applying the Model.

The Board of Directors, or Manager, notifies the adoption of the Model to all Employees present in the company at the time of its adoption. All new recruits, on

the other hand, are given a special information pack to ensure that they receive all indispensable knowledge in this area. Similarly, the company drafts a form for third-party recipients of the Model which indicates that the Model has been formally adopted, containing a commitment on the part of said recipients to comply with the provisions of the Model and of the company's Code of Ethics.

Training activities, aimed at disseminating knowledge of the provisions of Legislative Decree 231/2001, are differentiated in content and delivery methods according to the qualification of recipients, the level of risk of the area in which they operate, and to whether they have company representation authority. In particular, the company has various levels of information and training provision, and uses suitable means of dissemination such as e-mail communications, posting on noticeboards, participation (mandatory for employees) in training and refresher training courses etc.

4. THE SUPERVISORY BODY

4.1 Introduction.

As mentioned in the opening paragraphs of this General Part, Article 6 of Legislative Decree 231/2001 provides that the Entity may be exonerated from liability for the commission of Offenses if the management body has, among other things:

- adopted organization, management and control models suitable for preventing the criminal offenses considered;
- tasked an internal supervisory entity, with independent powers of initiative and control, with overseeing the model's operation, compliance and updating (the Supervisory Body).

The entrusting of said duties to the Supervisory Body and, obviously, the proper and effective performance of those duties are, therefore, a necessary precondition of exemption from liability for Offences, whether committed by senior managers (see Article 6 of the Decree) or by subordinate individuals who are subject to the direction or supervision of superiors (see Article 7).

Finally, Article 7(4) of the Decree reiterates that the effective implementation of the Model requires a specially designated body to regularly audit the Model, in addition to the establishment of a disciplinary system.

These observations demonstrate the importance of the Supervisory Body's role, as well as the complexity and onerousness of its tasks and duties. Therefore, in order for there to be a fully-functioning Supervisory Body, one must carefully assess what duties and tasks the law has conferred on it, as well as the requirements it must satisfy if it is to properly fulfill its functions, as described at length in the following sections and in the attached Supervisory Body Rules (Annex XXX).

4.2 Functions, composition and requirements

The Supervisory Body's specific functions, based also on the guidelines contained in Articles 6 and 7 of Legislative Decree 231/2001, may be outlined as follows:

- supervision of the effectiveness of the Model, by ascertaining whether actions and conduct are consistent with the Model's provisions;

- examination of the adequacy of the Model, i.e. of its actual (and not merely theoretical) ability to prevent unintended and detrimental conduct;
- analysis of the extent to which the necessary soundness and functionality of the Model are maintained over time;
- dynamic updating of the Model, where analyses reveals that corrections and adaptations are necessary.

This last activity generally occurs in two separate but mutually dependent phases:

- submission of proposals for adaptation and updating of the Model to corporate bodies/functions that are positioned to concretely implement them within the company. Depending on the type and scope of the interventions, proposals will be addressed to the Human Resources Management and Administration etc. functions or, in cases of particular importance, to the Board of Directors;
- follow-ups i.e. assessment of the implementation and actual operability of the solutions proposed.

These are specialized activities, mainly controls activities, that presuppose knowledge of *ad hoc* techniques and tools, and strong continuity of action.

The extension of the Decree's application to unpremeditated offenses poses a problem of the relationship between the safety plan and the Organizational Model, and also between the activities of those responsible for workplace health and safety controls and the Supervisory Body. The functional autonomy of these bodies does not allow for an overlap of control functions, which would constitute unnecessary duplication and also be ineffective. It should be clear, therefore, that the different control functions carry out their tasks on different levels.

The main mandatory requirements of the Supervisory Body are:

- independence;
- professionalism;
- continuity of action.

In the light of the above, Vernay will appoint a special control body with supervisory functions, in single or collective composition, that meets the requirements

described above and is identified by the Board of Directors subject to a prior assessment of the company's Sensitive Activities.

This Supervisory Body, accordingly, is tasked with carrying out the supervisory and control functions provided for in this Model.

The Supervisory Body is also identified by following procedures that ensure a high level of confidence that subjective eligibility requirements have been met, thus copperfastening the independence that is required by the tasks entrusted. More particularly, when the Supervisory Body is appointed, the BoD receives from the nominating Supervisory Body a declaration stating the absence of grounds of ineligibility and the presence of criteria such as, for example, professional integrity, absence of conflicts of interest and of close family ties with the Governing Bodies and with senior management.

The appointment of the Supervisory Body and its revocation (e.g. where its duties under this Model are infringed) are reserved to the Board of Directors. The Supervisory Body will be appointed for 3 years, renewable at each term. Its appointment may be revoked exclusively for just cause.

The term "just cause" for the revocation of powers associated with the office of a Supervisory Body member may mean, for purposes of illustration:

- reasons involving serious non-compliance (premeditated or otherwise) with the obligations of the office (e.g. breach of trust, inefficiency, negligence, etc.);
- "inadequate or omitted supervision" by the Supervisory Body (within the meaning of Article 6(1)(d) of Legislative Decree 231/2001) following a criminal conviction (non-appealable or otherwise) handed down against the company pursuant to Legislative Decree 231/2001, or following a conviction applying punishment at the request of the parties (plea-bargaining);
- cases of supervening impossibility;
- the Supervisory Body's failure to meet the requirements of "independence" and "continuity of action";
- if the Supervisory Body member is an employee or director, the termination of his/her employment or director's contract;
- death of a Supervisory Body member or his/her resignation from office.

4.3 Functions, duties and powers

The Supervisory Body is responsible for overseeing:

- compliance with the Model by the company's employees and Governing Bodies;
- the effectiveness and adequacy of the Model in relation to the company's corporate structure and its ability to prevent or avert the commission of Offences;
- the advisability of updating the Model when it becomes evident that it needs to be adapted to changes in the company and/or in the regulatory regime.

To this end, the Supervisory Body is also entrusted with the more specific tasks of:

- proposing updates;
- proposing to the relevant corporate bodies or functions to issue procedural provisions implementing the principles and rules contained in the Model;
- interpreting relevant regulations with the assistance of consultants as required, and assessing whether the Model is adequate to these regulatory requirements, flagging possible areas of intervention to the Board of Directors;
- assessing the need for updating the Model, flagging possible areas of intervention to the Board of Directors;
- Notifying management if the need arises to update the systems for managing financial resources (both incoming and outgoing) that are already in place at Vernay, with a view to introducing suitable mechanisms that can detect atypical financial flows characterized by greater margins of discretion than those ordinarily provided for;
- notifying the Board of Directors if the need arises to issue special procedural provisions for the implementation of the Model's principles, which may not be in line with those currently in force in the company, also taking care to ensure their coordination with those that already exist;
- conducting checks and controls;
- auditing compliance with company procedures put in place to safeguard Sensitive Processes within the meaning of the Model, also providing for the issuance of internal information circulars, where appropriate;
- conducting investigations of company activities in order to update the map of Sensitive Processes;

- carrying out periodic targeted audits of specific operations or acts of the company, especially in the area of Sensitive Processes, the results of which should be summarized in a special report to be submitted to the assigned corporate bodies.

Information gathering.

The Supervisory Body is entrusted with the important task of gathering, processing and storing relevant information on compliance with the Model, as well as updating the list of information required to be transmitted or kept available to the Supervisory Body.

Note, in this regard, that the Supervisory Body must be promptly informed by all employees - through a special internal communication channel that it establishes for this purpose - of any conduct, acts or events which could result in the Model being infringed (including reports relating to the commission, or reasonable risk of commission, of Offences) or which, more generally, are relevant for the purposes of Legislative Decree 231/2001. In addition to sending the Supervisory Body reports on infringements of a general nature described above, departments and functions that operate in the context of Sensitive Processes must transmit any of the items of information indicated below, by way of example:

- decisions relating to the application for, disbursement and use of public funds;
- requests for legal assistance made by managers and/or employees against whom the judiciary is proceeding for the criminal offenses provided for in the aforementioned legislation;
- measures and/or notices from the Criminal Investigative Police or from any other authority indicating that investigations for criminal offenses are being carried out, including against persons unknown, for offenses covered by Legislative Decree 231/2001;
- internal reports which indicate responsibility for Offences;
- reports on the effective implementation of the Model at all levels of the company, which reveal the existence of any disciplinary proceedings and of any penalties imposed, or the dismissal of such proceedings with the associated reasons.

The Supervisory Body is also entitled to receive a copy of periodic workplace health and safety reports.

Note that the purpose of providing information to the Supervisory Body is to strengthen its ability to plan controls, without having to systematically and accurately check every single matter represented. In other words the Supervisory Body is not obliged to take action whenever a report is made, since it is left to its discretion and responsibility to determine in which cases action should be taken.

The Supervisory Body also coordinates with other company functions in order to optimally supervise activities related to the procedures established in the Model. To this end, the Supervisory Body has free access to all company documentation that it deems relevant, and it must be kept continuously updated by management about: a) any aspects of the company's activities that could expose the company to the concrete risk of the commission of an Offense; b) dealings with consultants and partners who operate on behalf of the company in the context of Sensitive Processes.

The Supervisory Body may also conduct internal investigations, liaising from time to time with the relevant corporate functions to obtain additional investigative material;

Training.

In this specific area, the Supervisory Body may:

- coordinate with the Personnel Manager in order to define staff training programmes and the content of periodic communications to be made to employees and to the corporate bodies, aimed at providing them with the necessary familiarity and basic knowledge of the provisions of the Decree;
- regularly audit the quality of such training programs, after they have been defined;
- make available and continuously update, in the dedicated space on the corporate intranet, a section that contains all information related to Legislative Decree 231/2001 and to the Model;
- oversee initiatives undertaken to promote knowledge and understanding of the Model, and prepare internal documentation necessary for its effective implementation, containing instructions for use, clarifications or updates of the same.

Infringements and sanctions.

In this specific area, the Supervisory Body may:

- report any infringements of the Model and of Legislative Decree 231/2001 to the relevant corporate function, to the Board of Directors and to the Personnel Manager;
- coordinate with the Board of Directors and with the Personnel Manager in order to assess the merits of adopting any disciplinary sanction, without prejudice to the latter's competence to impose a sanction and implement the related disciplinary procedure;
- indicate the most appropriate measures to remedy infringements.

General provisions.

The Board of Directors is tasked as the sole corporate body with remit to oversee the adequacy of the Supervisory Body's interventions, since responsibility for the operation and effectiveness of the Model ultimately resides with it.

The Supervisory Body, without prejudice to any other prevailing provision of law applicable, enjoys free and unrestricted access (without the need to obtain prior consent) to all company functions in order to gather information and data required to enable it to fulfil its responsibilities under the Decree.

The independence demanded by the Supervisory Body's remit has made it necessary to introduce various ways to secure its protection, in order to guarantee the effectiveness of the Model and to prevent the Supervisory Body's supervisory activity from leading to forms of retaliation against it (for example, cases in which its investigative activities reveal circumstances that link the offense or attempted offense or infringement of this Model to the company's senior management). Accordingly, decisions about remuneration, promotion, transfer, or disciplinary sanctions pertaining to Supervisory Body members are within the exclusive remit of the Board of Directors.

4.4 Supervisory Body reporting to the senior management.

The Supervisory Body will report on the implementation of the Model, and on any critical issues that arise.

More specifically, it has two reporting lines:

- the first is an ongoing direct reporting line to the legal representative (Managing Director);
- the second is an annual reporting line to the Board of Directors and the Board of Statutory Auditors.

In particular, the Supervisory Body prepares a written report for the Board of Directors and the Board of Statutory Auditors on the activity carried out (indicating the audits carried out and their results, any specific checks and their results and any updates to the mapping of Sensitive Processes, specifying the statement of account of the fund managed by it, etc.). If the Supervisory Body should detect critical issues referable to any of the reporting parties, the corresponding report is promptly addressed to the Directors and Auditors.

More specifically, the reporting activity relates to:

- the performances and activities of the Supervisory Body's office;
- any critical issues (and ideas for improvement) that have emerged in terms of conduct or events occurring within the company or in terms of the Model's efficacy.

Meetings with the bodies to which the Supervisory Body reports must be minuted, and copies of the minutes must be kept by the Supervisory Body and by the Governing Bodies involved from time to time. The Board of Directors, the Chairperson and the Board of Statutory Auditors have authority to convene the Supervisory Body at any time. Likewise, the Supervisory Body has authority to request, through the relevant functions or parties, the convening/summoning of these Governing Bodies, for urgent reasons.

The Supervisory Body must, moreover, coordinate with the competent corporate functions of the company for the specific areas, namely:

- with the Personnel Manager, for personnel training;
- with the Personnel Manager, for disciplinary proceedings;
- with the Administrative Manager, for the control of financial flows and for any activities, including administrative activities, that may be relevant to the commission of corporate offenses;
- with the Employer, for accident prevention and health and hygiene protection activities and also for activities related to environmental provisions.

4.5 Information flows to the Supervisory Body: general information and specific mandatory information

The Supervisory Body must be promptly informed through suitable reports from employees and from the Governing Bodies about conduct, acts and events that could trigger the company's liability under Legislative Decree 231/2001.

Such reports may be sent to the Supervisory Body at the following address: odv@vernay.com

As a general indication, employees and the Governing Bodies must report to the Supervisory Body any infringements of the Model by any person and, in particular, any information on the following:

- the commission, or reasonable danger of commission, of Offenses entailing the administrative liability of the company;
- conduct that may result in an infringement of the Model;
- requests for legal assistance forwarded to the company by employees in accordance with the National Collective Labor Agreement, where legal proceedings are brought against them;
- reports prepared by the managers of other company departments as part of their control activities, which could reveal acts, facts, events, circumstances or omissions that are critical in terms of compliance with Legislative Decree 231/2001;
- information about disciplinary proceedings or sanctions imposed (including measures taken against employees), where related to the commission of criminal offenses or infringement of the Model's rules of conduct or procedures;
 - anomalies or abnormalities that come to light from from information available (a fact that does not repeat or extend the area of occurrence).

The duty to report any conduct that is contrary to the Model's provisions, is an intrinsic component of the broader duty of care, diligence and trust incumbent on Vernay employees.

The Supervisory Body evaluates reports received.

Parties who make reports in good faith are protected against any form of retaliation, discrimination or penalization and their anonymity shall in any event be assured. In addition to the reports of infringements of a general nature described above, where acts or facts relating to activities within the Supervisory Body's remit are involved, any information about measures and/or notices from the Criminal Investigative Police or from any other authority revealing that investigations are being carried out (including against persons unknown) for Offenses must be immediately forwarded to the Supervisory Body, if such investigations involve the company, its employees or the members of its Governing Bodies.

The Supervisory Body also has authority to identify other information that should be forwarded to it, in addition to that described above.

Gathering and storage of information.

The Supervisory Body is obliged to store any information or report provided for by this Model in a digital or print archive/database for a period of 10 years, in compliance with applicable data protection regulations (Legislative Decree 196/2003 and EU Regulation 679/2016).

Only the Board of Statutory Auditors and the Board of Directors are entitled to access this archive/database, except in the event of investigations against them, in which case authorization from the Board of Directors will be required, after consultation with the Board of Statutory Auditors, and provided that such access is not guaranteed by current legal regulations in force.

Documentation relating to Sensitive Processes provided for in the Model and/or related operating rules (e.g. supporting documentation for "evidence sheets" in Sensitive Processes) shall also be kept by the personnel concerned, again for 10 years.

5. THE SYSTEM OF DELEGATED POWERS AND POWERS OF ATTORNEY

The company has, for prevention purposes, defined a system of delegated powers and powers of attorney as a way of distinguishing different tasks and functions, with the result that the evidencing and traceability of the operations carried out can be guaranteed. A "delegated power" is an internal attribution of functions and tasks; a "power of attorney", on the other hand, is a negotiated

unilateral act by which a person grants a power of representation to a third party - expressly or tacitly.

With specific reference to the content of the delegated powers and powers of attorney of individual company figures:

- anyone who deals with the PA on behalf of the company must be provided with a formal delegated power to that effect;
- delegations of authority must associate each managerial power with the related responsibility and with a sufficiently senior position in the organization chart, and they must be updated following organizational changes;
- each delegated power must clearly and unequivocally define the delegatee's powers as well as the person/Entity to whom/which the delegatee reports.

In relation specifically to power of attorney:

- these may be granted to natural persons who are indicated in the power of attorney itself, or to legal persons who will act through their own authorized representatives who are vested with similar powers;
- general powers of attorney describe the management powers conferred and, where necessary, indicate the extent of powers of representation and spending limits;
- special powers of attorney detail the scope of operation and powers of the authorized representative.

In order to concretely implement Legislative Decree 231/2001, all procedures, company policies and the system of delegated powers and powers of attorney are subject to a continuous review process, which is the fundamental prerequisite for developing a system for the continuous monitoring of risk.

6. THE WHISTLEBLOWER PROTECTION SYSTEM.

The mechanism of whistleblowing is recognized as a fundamental tool for corporate compliance and for combating illegality. In order for it to be effective, it is absolutely necessary to ensure adequate and balanced protection for whistleblowers.

With this in mind, Law 179/2017 came into effect on December 29, 2017, containing "*Provisions for the protection of persons who report offenses or irregularities that have come to their attention in the context of a public or private employment relationship*". The Law 179/2017 (among other things) updated Article 6 of Legislative Decree 231/2001 by inserting three new paragraphs (2-bis, 2-ter and 2-quater) which, in summary, provided that Models should make provision for:

- one or more channels that - while at the same time protecting the Entity's integrity - enable the submission of detailed reports of unlawful conduct relevant to the Decree, where they are substantiated by precise and concordant factual elements, or of infringements of the Model that have come to the reporting party's attention in the course of his/her duties;
- at least one alternative reporting channel that can guarantee (by electronic means) the reporting party's anonymity;
- the prohibition of retaliation or discrimination (direct or indirect) against the reporting party as a result of his/her report;
- the requirement for the disciplinary system to provide for sanctions against persons who infringe the aforementioned safeguards, and also against persons who, with or without premeditation, make reports that turn out to be unfounded.

On March 30, 2023, Legislative Decree 24/2023 came into force, the provisions of which take effect as of July 15, 2023, implementing Directive (EU) 2019/1937 on the protection of whistleblowers. This Decree aims to strengthen the legal protection of persons who report infringements of domestic or European regulatory provisions, which harm the interests and/or integrity of the public or private Entity to which they belong, that have come to their attention in the course of their work.

The Italian Legislative Decree 24/2023 replaced Article 6(2-bis) of Legislative Decree 231/2001 with the following new text: "*The models referenced in letter a) of para. 1 provide for internal reporting channels, for the prohibition of retaliation and for the disciplinary system, adopted pursuant to para. 2 e)*".

Likewise, the provision repealed Article 6 paras. 2-ter and 2-quater.

Finally, the Italian Anti-corruption Authority (ANAC) Guidelines of July 12 2023 completed the reference regulatory framework, along with the Confindustria Operational Guideline of October 27, 2023 (which offered a series of instructions and operational measures to companies addressed by the new regulations).

In order to implement the provisions introduced by Legislative Decree 24/2023, the company has adopted specific regulatory tools in the whistleblowing field in order to define the governance of the whistleblowing management process and the associated operational methods (reporting channel, methods of receiving and analyzing reports, methods of protecting the whistleblower so as to prevent retaliation, reporting).

More specifically, the company put in place a procedure aimed at regulating the following macro areas:

- subject matter of the whistleblowing report;
- those who can make a whistleblowing report;
- procedures and channels of transmission of whistleblowing reports;
- person responsible for managing whistleblowing reports;
- investigatory phase of the whistleblowing report;
- sanctions applicable;
- methods of filing and storing of whistleblowing reports.

A whistleblowing report must deal with infringements that fall within the scope of Article 2 of Legislative Decree 247/2023. The legislation defines infringements as any conduct, acts or omissions that are likely to harm the public interest or the integrity of the company, which have come to the attention of the reporting party in the course of his/her work, and which consist of:

- 1) administrative, accounting, civil or criminal offenses;

2) unlawful conduct within the meaning of Legislative Decree 231 of June 8, 2001, or breaches of the organization and management models provided for therein;

3) offenses falling within the scope of Decree 24/2023, concerning the following areas: public procurement; financial services, products and markets and prevention of money-laundering and terrorist financing; product safety and compliance; transport safety; environmental protection; radiation protection and nuclear safety; food and feedstuff safety and animal health and welfare; public health; consumer protection; protection of privacy and of personal data and security of networks and IT systems;

4) acts or omissions compromising the financial interests of the EU as referenced in Article 325 of the Treaty on the Functioning of the European Union, as specified in relevant secondary Union legislation;

5) acts or omissions affecting the internal market, as referenced in Article 26(2) of the Treaty on the Functioning of the European Union, including violation of Union competition and State aid rules, as well as infringements affecting the internal market which involve acts that violate corporate tax rules or mechanisms whose purpose is to obtain a tax advantage that frustrates the scope or purpose of the corporate tax regime applicable;

6) acts or conduct that frustrate the scope or purpose of the provisions of Union acts in the areas mentioned in nos. 3), 4) and 5);

The individuals who may make reports of infringements and benefit from protection measures are indicated in Article 3:

- a) employees of public administrations, employees of state-controlled profit-making companies, of private law bodies subject to public control, of in-house companies, of bodies subject to public law or of concessionaires of public services;
- b) employees of private sector bodies;
- c) self-employed workers as well as collaboration workers, within the meaning of Article 409 of the Code of Civil Procedure and Article 2 of Legislative Decree 81/2015, who work for public or private sector bodies;

- d) employees or non-company collaborators who work in public or private sector bodies that provide goods or services or carry out work performances for third parties;
- e) self-employed professionals and consultants working for public or private sector bodies;
- f) paid and unpaid voluntary workers and trainees/apprentices working for public or private sector bodies;
- g) shareholders and persons performing administrative, managerial, control, supervisory or representative functions, including where such functions are exercised *de facto*, with public or private sector bodies.

Article 17 of Legislative Decree 24/2023 prohibits retaliation against the reporting party, which translates into rules aimed at preventing or nullifying the effects of acts or measures to punish him/her for any disclosure of information (dismissal, suspension, non-promotion, change of duties, disciplinary measures, early termination, cancellation of a contract for the provision of goods or services).

Whistleblowers also require protection where a report, complaint to the judicial or accounting authority or a public disclosure of information is made in the following cases:

- when the legal relationship referenced in para. 3 has not yet commenced, if the information concerning the infringements/irregularities has been obtained during the selection process or at other pre-contractual stages;
- during the probationary period;
- following the termination of the legal relationship if the information concerning infringements/irregularities was acquired in the course of the relationship.

Other individuals are also protected from retaliation if - although they did not directly submit the report - they are nevertheless deemed to require protection. This category includes "facilitators," i.e. persons who assist the reporting party in the reporting process and whose activities must remain confidential, as well as third parties linked to the reporting party such as colleagues and family members, and also legal persons linked to the reporting party.

The stipulated protection measures apply provided that the following conditions are met:

- if, concurrently with the whistleblowing report or complaint to the judicial or accounting authorities or at the time of the public disclosure, the reporting party had reasonable grounds to believe that the information on the infringements/irregularities that were reported, publicly disclosed or formally complained of was true, and fell within the objective scope of Article 1;
- if the whistleblowing report or public disclosure was made on the basis of the provisions of Chapter II.

Reports are handled by the company in compliance with regulatory whistleblowing requirements (Law 179/2017, EU Directive 1937/2019, Legislative Decree 24/2023), and with the "*Guidelines for the protection of persons reporting infringements of Union law and for the protection of persons reporting infringements of domestic regulations. Procedures for the submission and handling of external reports,*" adopted by Resolution no. 311 of July 12, 2023 by the Italian Anti-Corruption Authority (ANAC), and also with the Confindustria Operational Guide of October 27, 2023.

If, in the course of their job functions, Directors and the members of all the company's Governing Bodies, employees, non-company collaborators, partners, consultants, suppliers and any third parties should become aware of conduct that could constitute a criminal or other offense or irregularity in breach of the Model, the Code of Ethics and/or internal (corporate and Group) regulations, they are obliged to report the facts known to them using the channels set up for this purpose.

The company has established a special body responsible for receiving and handling whistleblowing reports in order to implement these regulations. This is an independent committee within the company whose members are identified in the Procedure.

Whistleblowing reports must be submitted as follows:

- through the internal channel via the portal <https://vernay.openblow.it>;

- in paper form, to the following address: *Vernay Italia S.r.l. Unipersonale*, based in Rilate n. 21, 14100 Asti (Italy); for the kind attention of the Managing Director;
- in oral form, at the request of the reporting party, at a face-to-face meeting, by requesting an appointment at 0141-413509;
- through the external channel managed by the Italian Anti-corruption Authority (ANAC);
- by making a report to the Judicial Authority;
- by making a public disclosure.

The whistleblower management process guarantees the confidentiality of the whistleblower's identity from the moment the report is received, and at each subsequent stage of the report, and also the protection of the whistleblower's personal data, also pursuant to current personal data protection laws (Legislative Decree 196/2003, as amended by Legislative Decree 101/2018 and, as of May 25, 2018, EU Regulation 679/2016).

The body charged with receiving whistleblowing reports, to which they must be promptly transmitted, examines the report and implements all necessary attendant activities, adopting suitable verification methods to protect the confidentiality of the reporting party as well as the identity and integrity of those against whom reports are made.

The company will sanction any unlawful behavior, attributable to personnel or non-company collaborators, that may emerge as a result of verification activities following the report.

In particular, if it transpires that reports have been made in bad faith, the company will initiate disciplinary proceedings against the reporting party and impose appropriate disciplinary measures, in accordance with the provisions of the Organization, Management and Control Model and the collective bargaining agreement or other applicable national regulations, on persons who:

a) are found, as a result of verification activities following a report, to be responsible for infringing the provisions of Legislative Decree 231/2001, of the Model, of its protocols and of the Code of Ethics;

b) deliberately fail to highlight or report any infringements, or take (or threaten to take) retaliatory measures against those who report any infringements.

The whistleblower will be held criminally liable for defamation or slander, as applicable, or for the same offenses committed where a formal accusation is made, and also will be held civilly liable for reporting false information with premeditation or gross negligence.

Disciplinary measures shall be proportionate to the extent and seriousness of the misconduct ascertained, to the extent even of contract termination.

In order to encourage the use of internal reporting systems and to promote the spread of a culture of legality, the company illustrates clearly, fully and precisely the internal reporting procedure adopted, for the benefit of its employees and non-company collaborators.

The company ensures timely information provision to all its employees and collaborators, not only in relation to the reporting methods adopted, but also in terms of the knowledge, understanding and dissemination of the spirit and aims of the reporting process.

The procedure for reporting offenses and irregularities is attached to this Model (Annex no. 5).

7. THE DISCIPLINARY AND SANCTIONS SYSTEM

7.1 General Principles

According to the definition contained in Article 6(2) of Legislative Decree 231/2001, in order for the Model to be suitable and effective, it must "*put in place an effective disciplinary system to punish non-compliance with the measures required by the Model*".

The disciplinary system and associated sanctions operates independently of the existence or outcome of any criminal proceedings instituted by the judicial authorities, if the offending conduct also involves the commission of a predicate offense within the meaning of Legislative Decree 231/2001.

The concept of a disciplinary system means that the company must apply sanctions in a graduated way, depending on the varying degrees of risk that specific forms of conduct could constitute a criminal offense.

Therefore a disciplinary system has been created that, first of all, punishes all infringements of the Model, from the most serious to the most minor, by means of a system of graduated sanctions and, secondly, respects the principle of proportionality between the shortcoming identified and the sanction imposed.

Independently of the nature of the disciplinary system required by Legislative Decree 231/2001, there remains the basic characteristic of the employer's disciplinary authority which applies (pursuant to Article 2106 of the Italian Civil Code) to all categories of workers and is exercised regardless of the provisions of any collective bargaining agreements in place.

As for the investigation of infringements, disciplinary proceedings and the imposition of sanctions remain the responsibility of the management body. The Supervisory Body is necessarily involved in the procedure for ascertaining infringements of the Model and for imposing sanctions for such infringements, since a disciplinary measure cannot be filed nor a sanction imposed until the Supervisory Body has been informed in advance.

This is without prejudice to the company's right of recourse for any loss and/or liability that may accrue to it as a result of infringements by employees.

7.2 Sanctions against employees

Infringements of the Model by employees constitute disciplinary offenses and are sanctioned in full compliance with Article 7 of Law 300/1970, with applicable regulatory provisions and with the national collective bargaining agreement in force.

7.3 Sanctions against managers

The relevant sanctions to be imposed will be evaluated based on the principles of this Disciplinary System and, considering the special relationship of trust that binds company managers, also in accordance with the principles provided for in the National Collective Labor Agreement for executives.

7.4 *Disciplinary measures against directors*

If Board of Directors members should infringe the Model, the Supervisory Body will immediately inform the Board of Directors and the Board of Statutory Auditors, which shall take appropriate measures within their respective competences, including possible removal from office.

7.5 *Disciplinary measures against auditors*

If members of the Board of Statutory Auditors should infringe the Model, the Supervisory Body will immediately inform the Board of Directors and the Board of Statutory Auditors of this, and these bodies shall take appropriate measures within their respective competences, including possible removal from office.

7.6 *Disciplinary measures against collaborators, consultants and partners/suppliers*

The commission by consultants, partners/suppliers and non-company collaborators of Offenses referenced in the Decree, and any infringement by them of the provisions of the Model, will require all contractual and legal mechanisms available to protect the company's rights to be activated, including (where appropriate) termination of the contract and the payment of compensatory damages.

7.7 *Disciplinary measures against the Supervisory Body*

If the provisions of the Model and/or Code of Ethics should be infringed, any Standing Auditor or Director informs the Board of Statutory Auditors and the Board of Directors of such infringement. These bodies will take appropriate measures, including removal from office.

8. RELATIONSHIP BETWEEN THE MODEL AND THE CODE OF ETHICS AND GENDER EQUALITY

The principles and rules of conduct contained in this Model supplement those of the Code of Ethics and Gender Equality adopted by Vernay, even though the Model differs in its scope from the Code in that it is intended primarily to implement the provisions of the Decree.

In this respect, one should note that:

- the **Code of Ethics and Gender Equality** is an instrument of independent status

and, the company applies it in a general way in order to set out a series of principles of corporate ethics to which the company is committed, and with which it demands compliance from all its employees and also from all those who cooperate in the achievement of the company's aims;

- the **Model**, on the other hand, responds to the specific requirements of Legislative Decree 231/2001, which are designed to prevent the commission of particular types of offense through acts that, while apparently committed in the interest or for the benefit of the company, may trigger its administrative liability based on the provisions of said Decree.

However, since the Code of Ethics sets out principles of conduct which are designed also to prevent the unlawful conduct specified in the Decree, it takes on relevance for the purposes of the Model and therefore constitutes a formal, integral part thereof.