LA LUCENTEZZA srl

IMPRESA DI PULIZIA E SERVIZI INTEGRATI

Organisation, Management and Control Model
pursuant to the
Legislative Decree No. 231 of 8 June 2001

Approved by resolution of the Sole Director on 16 December 2024

GENERAL PART

1. The liability of offence of Legal Entities: regulatory overview

1.1. Scope of application

Legislative Decree No. 231 of 8 June 2001 (hereinafter referred to, for brevity, as 'Legislative Decree 231/2001' or 'the Decree'), implementing Delegated Act No. 300 of 29 September 2000, introduced into Italian law the criminal liability of legal entities for administrative offences arising from criminal offences (Article 1 of Legislative Decree 231/2001[1]), in cases where the criminal offence has been committed in the legal person's interest or for its benefit by persons holding positions of representation, administration, management or control, or by those subject to their direction or supervision (see paragraph 1.2 *below*).

This is a form of liability attributable to the body independently; that is to say, it exists alongside the criminal liability of the perpetrator of the offence (Article 8 *'Independence of the body's* liability'). In other words, **the same criminal act gives rise to two distinct forms of liability (that of the offender and that of the organization) in terms of the applicable rules and consequences.** Indeed, the organization's liability arises even 'where the perpetrator of the offence has not been identified' (Article 8(a), point I)[2].

Entities to which the legislation applies

The entities to which the legislation applies are those with legal personality, as well as companies and associations, even those without legal personality (Article 1, paragraph 2). However, the State, local authorities, other non-economic public bodies and bodies performing functions of constitutional importance are expressly excluded (Article 1, paragraph 3).

[1] Provisions not accompanied by any specific reference are those of Legislative Decree 231/2001.
[2] As well as where the perpetrator of the offence 'cannot be held criminally liable' (Article 8(a), point II), or 'the offence is extinguished for a reason other than amnesty' (Article 8(b)).

The list of predicate offences

The organization's administrative liability does not arise whenever any type of offence is committed, but only in relation to those expressly provided for in the Decree.

The original 'scope' of the provisions laid down by Legislative Decree 231/2001 covered only the offences set out in Articles 24 and 25 (offences against the Public Administration). Subsequently, and also with a view to implementing various international conventions, the list of predicate offences has been progressively expanded and now encompasses a rather diverse range of offences (Articles *24–25-duodevicies*).

The offences currently included in the list of predicate offences fall into the following categories:

- offences committed in dealings with the Public Administration (Articles 24 and 25, as subsequently amended by Law No. 190 of 6 November 2012, Law No. 69 of 27 May 2015, No. 69, by Law No. 161 of 17 October 2017, by Law No. 3 of 9 January 2019, No. 3, by Legislative Decree No. 75/2020, by Law No. 137 of 9 October 2023, by Law No. 112 of 8 August 2024 and, most recently, by Law No. 114 of 9 August 2024);
- offences relating to counterfeiting of currency, public credit instruments, revenue stamps and identification documents or marks (Article *25-bis* introduced by Decree-Law of 25 September 2001, No. 350, subsequently amended by Law No. 99 of 23 July 2009, and most recently by Legislative Decree No. 125 of 21 June 2016);
- corporate offences (Article *25-ter* introduced by Legislative Decree No. 61 of 11 April 2002, subsequently supplemented by the offence of 'corruption between private individuals' by Act No. 190 of 6 November 2012, as amended by Act No. 69 of 27 May 2015, by Legislative Decree No. 38 of 15 March 2017 and, most recently, by Legislative Decree No. 19 of 2 March 2023);
- offences committed for the purposes of terrorism or the subversion of the democratic order (Article *25-quater* introduced by Law No. 7 of 14 January 2003);
- practices involving female genital mutilation (Article 25-quater1 introduced by Law No. 7 of 9 January 2006);

- offences against the individual (Article *25-quinquies*, introduced by Law No. 228 of 11 August 2003, subsequently amended by Law No. 199 of 29 October 2016);
- criminal and administrative offences relating to market abuse (Article *25-sexies*, introduced by Law No. 62 of 18 April 2005);
- transnational offences (introduced by Law No. 146 of 16 March 2006);
- offences of manslaughter and causing serious or very serious bodily harm committed in breach of the regulations on health and safety at work (Article *25-septies*, introduced by Law No. 123 of 3 August 2007 and subsequently amended by Law No. 3/2018);
- the offences of handling stolen goods, money laundering and the use of money, property or benefits of unlawful origin, as well as the offence of self-laundering (Article *25-octies* introduced by Legislative Decree No. 231 of 21 November 2007, subsequently supplemented with the offence of 'self-laundering' by Law No. 186 of 15 December 2014, No. 186, and most recently amended by Legislative Decree No. 195 of 8 November 2021);
- offences relating to non-cash payment instruments (Article *25-octies*.1 of Legislative Decree No. 231/2001, introduced by Legislative Decree No. 184/2021, and subsequently amended by Act No. 137 of 2023 and by Legislative Decree No. 19 of 2 March 2024);
- cybercrimes and unlawful data processing (Article *24-bis*, introduced by Law No. 48 of 18 March 2008, subsequently amended by Legislative Decree No. 7 of 15 January 2016, and by Law No. 90 of 8 August 2024);
- offences against industry and commerce (Article *25-bis* 1, introduced by Law No. 99 of 23 July 2009);
- offences relating to organised crime (Article *24-ter*, introduced by Law No. 94 and amended by Law No. 69 of 27 May 2015);
- offences relating to copyright infringement (Article *25-novies* introduced by Law No. 99 of 23 July 2009 and subsequently amended by Law No. 93 of 14 July 2023, No. 93);
- the offence of inducing a person not to make statements or to make false statements to the judicial authorities (Article *25-decies* introduced by Law No. 116 of 3 August 2009 and subsequently amended by Legislative Decree No. 121 of 7 July 2011);

- environmental offences (Article *25-undecies*, introduced by Legislative Decree No. 121 of 7 July 2011, subsequently supplemented by Law No. 68 of 22 May 2015, and amended by Legislative Decree No. 21 of 1 March 2018 and by Law No. 137/2023);
- the offence of employing third-country nationals whose residence permits are irregular (Article *25-duodecies*, introduced by Legislative Decree No. 109 of 16 July 2012 and amended by Law No. 161 of 17 October 2017, and, most recently, by Decree-Law No. 20/2023);
- offences of racism and xenophobia (Article *25-terdecies*, introduced by Law No. 167 of 20 November 2017 and amended by Legislative Decree No. 21 of 1 March 2018);
- offences relating to fraud in sporting competitions, the unauthorised operation of games or betting schemes, and gambling carried out using prohibited devices (Article *25-quaterdecies*, introduced by Law No. 39 of 3 May 2019);
- tax offences (Article *25-quinquiesdecies*, Legislative Decree No. 231/2001, introduced by Decree-Law No. 124/2019, as amended upon conversion by Law No. 157/2019, and further amended by Legislative Decree No. 75/2020 and, most recently, by Legislative Decree of 14 June 2024, No. 87);
- offences of smuggling referred to in Presidential Decree No. 43/1973 (Article *25-sexiesdecies* introduced by Legislative Decree No. 75 of 14 July 2020 and amended by Legislative Decree No. 121/2024);
- offences against cultural heritage (Article 25-septiesdecies of Legislative Decree No. 231/2001, introduced by Law No. 22/2022, and amended by Law No. 6/2024);
- offences relating to the laundering of cultural heritage and the destruction and looting of cultural and landscape heritage (Article *25-duodevicies* of Legislative Decree No. 231/2001, added by Law No. 22/2022).

Further offences may, however, be included by the legislator in future within the framework set out in Legislative Decree No. 231/2001.

1.2. The criteria for attributing liability

As regards the criteria for attributing criminal liability to legal people, firstly, it is required that the predicate offence (see paragraph 1.1 *above*) has been committed by:

a) "people holding representative, administrative or managerial positions within the legal entity or within one of its organisational units endowed with financial and functional autonomy, as well as persons who exercise, even de facto, the management and control of the same" (Article 5(1)(a) (so-called **'senior officials' or 'persons in senior positions**')).

b) "people subject to the direction or supervision of one of the persons referred to [above]" (Article 5(1)(b)) (so-called **'persons subject to the direction of others' or 'subordinates'**).

Moreover, as expressly provided, **the organisation is not liable if the person acted "solely in their own interest or that of third parties"** (Article 5(2)).

Secondly, in addition to the 'qualified relationship' that must exist between the perpetrator of the offence and the organisation as set out above, it is necessary for the offence to be committed **in the interest** or for **the benefit** of the organisation.

Interest is the subjective criterion (to be assessed *ex ante*) and consists of 'the offender—as a natural person—intending to secure a benefit for the organisation through the commission of the offence, regardless of whether that benefit was actually achieved or not'.

The benefit, on the other hand, is the objective criterion (to be assessed *ex post*), which corresponds to 'the organisation's actual enjoyment of a concrete benefit resulting from the commission of the offence' (Criminal Court of Cassation, Section IV, 23 May 2018, No. 38363).

Thirdly, for the purposes of attributing liability to the organisation under Legislative Decree 231/2001, there must be so-called **'organisational negligence'**, namely cases of: (see paragraph 1.4 *below*):

a) failure by the organisation to adopt or implement an organisational model suitable for preventing the commission of offences of the type that occurred;

b) failure to entrust autonomous powers of initiative and control to a specific body within the organisation (or insufficient supervision by such a body); and non-fraudulent circumvention by a senior manager of the prevention model adopted by the organisation itself.

The Decree imposes different burdens of proof on the organisation depending on whether the predicate offence was committed by a senior manager or by a person subject to the supervision of others. In particular, in the former case, the burden of proving organisational fault rests with the organisation. Indeed, pursuant to Article 6(1), "**the organisation shall not be liable if it proves**":

- that, prior to the commission of the offence, it had adopted organisational and management models that were effective and suitable for preventing the commission of offences of the same nature as that which occurred (point (a));
- that it has entrusted to one of its own bodies, endowed with autonomous powers of initiative and control, the task of supervising the functioning of and compliance with those models and of ensuring their updating (point (b));
- and, provided these requirements are met, that the perpetrator of the offence acted by fraudulently circumventing the organisational and management models (point (c));
- that there was no omission or failure of supervision on the part of the body designated for that purpose (point (d))[3].

Conversely, where the offence has been committed by a subordinate, the burden of proof lies with the prosecution to demonstrate that the organisation failed to adopt or implement the Code[4] (Article 7).

1.3 The system of sanctions

The sanctions imposed on the organisation are (Article 9):

a) financial penalties (Articles 10–12);

b) disqualification orders (Articles 13–17);

c) publication of the conviction (Article 18);

d) confiscation (Article 19).

Disqualification orders may also be imposed as a precautionary measure – though never in

[3] It should be noted that, in any event and regardless of whether the organisation's liability is established, provision is made for 'confiscation of the profit derived by the organisation from the offence, including in the form of an equivalent sum'

[4] In the absence of a suitable organisational model, the attribution of liability to the body nevertheless requires proof of a failure to comply with management and supervisory obligations.

combination with one another – upon application to the court by the public prosecutor, where, taken together:

a) there is serious evidence pointing to the organisation's liability;

b) there are well-founded and specific grounds for believing that there is a real risk of offences of the same nature as that under investigation being committed.

When ordering precautionary measures, the judge takes into account the specific suitability of each measure in relation to the nature and extent of the precautionary requirements to be met in the specific case, as well as the necessary proportionality between the seriousness of the offence and the sanction deemed likely to be imposed on the entity on a definitive basis.

1.4 The Organisation, Management and Control Model

As we have seen, the Organisation, Management and Control Model, within the framework set out by Legislative Decree 231/2001, serves a dual purpose. One is exculpatory, as it excludes the organisation's liability in certain cases and under certain conditions; the other is remedial, as its adoption or adaptation, following the commission of the offence, may result in a reduction of the financial penalty and the non-application of disqualification sanctions.

1.4.1 The contents of the Model

Given the 'weight' of the Model, the Decree has outlined its 'framework', expressly stipulating that it must (Article 6, paragraph 2):

- identify the areas at risk of the offences provided for in the Decree being committed;
- set out specific protocols for planning the organisation and implementation of the Organisation's decisions in relation to the offences to be prevented;
- identify methods for managing financial resources suitable for preventing the commission of offences;
- set out reporting obligations to the body responsible for monitoring the functioning of and compliance with the Model;

- introduce an internal disciplinary system designed to sanction non-compliance with the measures set out in the Model.

2. The adoption of the Model

2.1 LA LUCENTEZZA S.R.L.

The Company

LA LUCENTEZZA S.R.L., a cleaning and integrated services company (hereinafter referred to, for brevity, as "LA LUCENTEZZA" or "the Company"), was founded in Bari in 1968, building on the experience of LA LUCENTE S.P.A. Initially a sole trader, in 1984 it adopted the legal form of a limited liability company and has progressively expanded its scope of operations to become, today, one of Italy's *leading* companies in the *global services* sector

The Company specializes in cleaning services, but also offers its clients the option of a *global service* that can include a wide range of activities, including cleaning in residential, industrial and hospital settings; pest control, disinfection and rodent control; as well as sanitization and grounds maintenance services. In addition to these, the company provides catering services, *handling* and porterage, concierge and *reception* services, as well as cemetery services.

Historically, the Company's primary target market has been the public sector. In this sector, LA LUCENTEZZA has gained extensive experience, having worked on complex and multifaceted contracts. Recently, an internal reorganisation within the *Rete* Group has led to a partial review of the Company's commercial positioning and its organisational structure.

In particular, whilst not entirely abandoning the public procurement sector, the company has begun to specialize in small and medium-sized private contracts. This partial shift in *its core business* has made it necessary to rationalise the existing organisational structure with a view to simplification.

The current organisational structure is therefore centred on the key role of the Sole Director, as well as on the sharing of expertise and human resources with La Lucente S.p.A., where some of the functions utilised by the Company are carried out on an *outsourcing* basis under the network agreement entered into between the two entities (see above).

The Network Agreement

LA LUCENTEZZA has entered into a so-called 'light' Network Agreement pursuant to Article 3, paragraph *4-ter*, of Decree-Law No. 5/2009, converted into Law No. 33/2009, as amended and supplemented by Article 36, Decree-Law No. 179/2012, with the following companies:

- **La Lucente S.p.A.**, with its registered office in Modugno (BA), was founded in 1922 and initially took care of small-scale cleaning services. In 1972, following years of steady growth and development, it became a public limited company. Today, the company is part of *the La Lucente Group,* which is one of Italy's leading players in the *global services* sector;
- **Lucente Ecologia S.r.l.**, with its registered office in Modugno (BA), was founded in 1961 and is responsible for the collection, transport, recovery and disposal of municipal and special waste, both hazardous and non-hazardous.

The agreement aims to enhance the respective capabilities of the parties, both individually and collectively, with particular regard to innovation and competitiveness. More specifically, pursuant to Article 1 of the Network Agreement, the mission is to:

a) develop forms of collaboration involving the sharing of resources and activities essential to the operation of each company in order to achieve better management results;
b) strengthen the efficiency and production capacity of each company at lower cost, thanks to the economies of scale achievable through the sharing of resources, whether financial, technical and/or human;
c) share experiences and best practices developed at local and national level in order to facilitate the dissemination of innovations within the network, through the exchange of commercial, technical, administrative and other information;

d) to promote the development and availability of uniform service *standards*, characterised by a high level of quality;

e) to develop and expand each company's market by identifying the needs of potential new customers and providing an appropriate and consistent response, through the pooling of shared expertise and experience;

f) to enhance, both individually and collectively, the Parties' competitiveness in the market;

g) to make substantial investments in the acquisition of plant, machinery, logistics systems and infrastructure that enable the Parties to improve their operations, efficiency and profitability.

Head offices and branches

LA LUCENTEZZA has its registered office in Bari, at Via Della Costituente 19/E, 70125. The Company also has the following offices, branches and operational units:

- Modugno (BA), Via Dei Gerani 6/B, 70026.

The Organisation

LA LUCENTEZZA's organisational structure comprises the following bodies, roles and functions, some of which, pursuant to the network agreement entered into between the two entities, operate on an *outsourced* basis as they are established within La Lucente S.p.A.:

- Sole Director;
- *Legal & Compliance* Department;
- Sole Auditor;
- Health and Safety Manager;
- Safety Department;
- Management Control Department;
- Administration Department;
- Human Resources Department;

- Sales Department;
- Tenders Department;
- Production Department;
- Purchasing Department;
- Contracts Department;
- *Marketing* Department.

2.1.1 Adoption of the Model and Establishment of the Supervisory Body

LA LUCENTEZZA decided some time ago to adopt its own Organisation, Management and Control Model (hereinafter also referred to as the “Model”), of which this document constitutes the General Part.

LA LUCENTEZZA’s Model is the synthesis of a structured and comprehensive system of codes of conduct, procedures, information flows and control activities, aimed at preventing, within the organisation, the commission of the predicate offences provided for by Legislative Decree 231/2001. All sensitive activities must therefore be carried out in accordance with applicable laws, procedures, rules and company *policies*, and, in general, with all the rules contained in or referred to by this Model.

The Model is kept up to date with current legislation, case law and *best practice*.

In accordance with the provisions of the Decree, LA LUCENTEZZA has entrusted a Supervisory Body (OdV), endowed with powers of initiative and oversight, with the task of assessing the adequacy of the Model and its effective and efficient implementation, as well as ensuring its updating (as discussed *below* in paragraph 3).

The Decree expressly entrusts the management body with the adoption and effective implementation of the Organisational Model (Article 6, paragraph 1, letter a).

Amendments, updates and additions to this Model fall within the remit of the administrative body, after consultation with the SB.

2.2 Objectives of the Model and its key principles

This Model constitutes a structured and comprehensive system of codes of conduct, procedures, information flows and control activities, aimed at preventing and deterring the commission of the various predicate offences covered by Legislative Decree 231/2001.

The key principles of the Model are transparency, formalisation and the separation of roles with regard to the allocation of responsibilities and operational activities.

This document has been drawn up following a careful analysis of the company's current situation, during which the existing control procedures and systems—which are already widely in operation within the company—were examined, as they are also suitable for use as measures to prevent offences and to monitor the processes involved in sensitive activities.

Consequently, both at the time of the Model's initial publication and in connection with each update, a detailed *risk assessment* was carried out to identify potential criminal risks associated with the conduct of the company's activities, including hypothetical scenarios of their commission. This was achieved by examining the company's organisational and business structure, its current procedures and operational mechanisms, as well as through direct interviews with numerous company representatives. This has made it possible to identify and address existing *gaps*, including through consultation with the relevant departments, which has enabled the identification of the best and most efficient methods for controlling and preventing risks.

Furthermore, with the support of the Supervisory Body, the Company ensures that the Model is constantly monitored for compliance with the Company's actual circumstances and regulatory requirements, and that its provisions are promptly amended should these circumstances change or should any inefficiencies come to light during day-to-day operations. Proposals for amendments may, in fact, be submitted by the Supervisory Body, including on the basis of reports received from the heads of the various business areas.

The Supervisory Body also receives reports of unlawful conduct or breaches of the Code through dedicated *whistleblowing* channels.

2.2.1 Structure of the Code

The Code is divided into the following parts:

- **General Section**, which contains the key elements of the Code, such as:
  - the definition of institutions, concepts and principles of general application;
  - a description of the Company's structure and activities;
  - the identification of the Model's addressees and the channels through which its contents are disseminated;
  - the establishment, composition, functioning and objectives of the Supervisory Body;
  - the main features of the disciplinary system;
- **Special Section**, the content of which consists of sensitive activities relating to the various types of offences provided for in the Decree and deemed – following the *risk assessment* carried out on the main business processes – to be of particular relevance, also in light of the Company's business.

The following are considered integral parts of the Model:

- the documents annexed to this Model and referred to from time to time in the text (such as procedures, management protocols and internal regulations);
- LA LUCENTEZZA's Code of Ethics; the purpose of the latter is to set out the ethical principles and values that the Company recognises as its own and which it requires all addressees to observe. For any matters not covered by this Code and its annexes, the provisions of the Code of Ethics shall apply.

2.3 Those to Whom the Model Applies

The rules contained in the Model apply to those who perform, even de facto, management, administrative, executive or supervisory functions within the Company, to employees, to contractors, as well as to those who, whilst not belonging to the Company, act on its behalf or are otherwise connected to it.

Those to whom the Code is addressed are required to comply strictly with all its provisions, including in fulfilment of the duties of loyalty, fairness and diligence arising from the legal relationships established with the Company (hereinafter the 'Recipients').

LA LUCENTEZZA condemns any conduct that contravenes not only the law but also the provisions of its Models and Code of Ethics, even if such conduct is carried out in the Company's interest or with the intention of conferring a benefit upon it.

Accordingly, LA LUCENTEZZA undertakes to communicate and disseminate its Code in such a way as to ensure that all Recipients are fully aware of its contents.

2.3.1 Dissemination of the Code and training activities

Once the formal adoption of the Code has been completed, the Company organises activities aimed at disseminating its contents throughout the entire workforce, through specific training and awareness-raising programmes on its rules of conduct and the procedures put in place.

The Company promotes awareness of the Model, the Code of Ethics and all the procedures that complement and implement the Model. All its representatives and employees are required to be familiar with this regulatory framework, to comply with it and to contribute to its implementation.

Through its awareness-raising and training initiatives, LA LUCENTEZZA reaffirms that compliance with the Model is essential for every member of the organisation, without exception.

Every employee, every senior manager, as well as any person acting on behalf of LA LUCENTEZZA, must embrace this regulatory and ethical framework.

By disseminating the Code, the Company wishes to emphasize that unlawful conduct or behaviour contrary to ethical principles is not tolerated, even if it appears to be beneficial to the Company, and is, in fact, subject to the relevant disciplinary procedures.

Finally, LA LUCENTEZZA believes that constant monitoring of sensitive activities will enable it to prevent offences from being committed and, where necessary, to counter them by taking prompt action.

More specifically, the Company promotes awareness of the Code and the rapid dissemination of its updates. Communication and training initiatives include:

- the uploading of the Code to the company *server*, so that it is easily accessible to all Recipients;
- distributing the Code to new recruits upon joining the company;
- the regular organisation of training and refresher courses.

Participation in training initiatives is compulsory and is monitored and planned – including for new recruits – by the Head of the Prevention and Protection Service and the Head of the *Compliance* Department, with the support of the Supervisory Body.

The Company also promotes awareness of and compliance with the Code amongst external collaborators and business partners, for example through the information made available on its website.

The Company includes specific clauses in its contracts with its collaborators, designed to encourage them to familiarise themselves with and comply with its system of values, and also to provide for – in cases of non-compliance – the termination of the contractual relationship.

Finally, by publishing an extract from the Code on its website, the Company has sought to communicate immediately to the general public its commitment to upholding the objectives underlying Legislative Decree 231/2001.

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3. The Supervisory Body

3.1 Structure and requirements of the Supervisory Body

The Decree (Article 6(b)) provides that an entity may be exempt from liability for offences attributable to its senior management by establishing an internal body, endowed with autonomous powers of initiative and control, tasked with overseeing the functioning of and compliance with the Model, as well as ensuring its updating.

This function is carried out by the Supervisory Body (OdV) of LA LUCENTEZZA, whose member was appointed by the Board of Directors in accordance with the following requirements:

- Independence: this requires that the Supervisory Body is not directly involved in the management and operational activities of LA LUCENTEZZA, which form the subject of its supervisory activities. It is therefore necessary that the SB is not in a relationship of hierarchical subordination to the senior executives and *management* of LA LUCENTEZZA, except for the duty to *report* to the Board of Directors (as discussed *below* in paragraph 3.4);
- autonomy: this implies that the SB:
  - has effective powers of inspection and supervision;
  - adopts its own internal regulations, which govern the manner in which the tasks assigned to it are carried out in accordance with the Decree, this Model and the guidelines contained in the instrument of appointment;
- professionalism: requires that anyone appointed to serve as a member of the SB possess specific expertise relevant to the supervisory role (legal, technical-accounting, strategic, etc.);
- good repute: this requires the Supervisory Board to meet reputational requirements, as well as the absence of any grounds for ineligibility or disqualification;
- impartiality: this means that the Supervisory Board must act for the sole purpose of verifying and, where necessary, ensuring the application of this Code;
- continuity of action: this requires that the Supervisory Body's monitoring activities be consistent over time and carried out in continuous collaboration, exchange and dialogue with the corporate bodies, rather than being sporadic and reduced to mere *reporting*.

In order to ensure the highest degree of autonomy, independence and impartiality, the Supervisory Body must have sufficient organisational and financial resources to carry out its functions. For this reason, the Board of Directors must allocate a *budget* that provides the Supervisory Body with adequate financial resources.

3.2 Appointment, replacement, removal and termination

The Supervisory Body is appointed by resolution of the Administrative Body of LA LUCENTEZZA and remains in office for the period specified in the instrument of appointment.

Appointment as a member of the Supervisory Body is subject not only to the fulfilment of the requirements set out in paragraph 3.1, but also to the absence of the following grounds for ineligibility:

1. relationships by blood, marriage or affinity up to the fourth degree with members of the Administrative Body and the Shareholders' Meeting;
2. conflicts of interest – even if only potential – with LA LUCENTEZZA;
3. a conviction, even if not final, or a sentence imposed at the request of the parties, in Italy or abroad:
    a. for offences listed in Legislative Decree 231/2001;
    b. which results in disqualification, even if temporary, from public office (Article 28 of the Criminal Code), from a profession or trade (Article 30 of the Criminal Code) or from management positions within legal entities and companies (Article *32-bis* of the Criminal Code), disqualification from contracting with the public administration (Article *32-ter* of the Criminal Code), termination of the employment relationship (Article *32-quinquies* of the Criminal Code);
4. the application of personal precautionary measures (Articles 272 et seq. of the Code of Criminal Procedure);
5. disqualification or incapacitation;
6. being subject to, or having been subject to, preventive measures provided for by Legislative Decree No. 159 of 6 September 2011 (Anti-Mafia Code);

7. the imposition of administrative sanctions provided for by Legislative Decree No. 58 of 24 February 1998 (Consolidated Law on Finance).

Following formal acceptance of the appointment, the relevant appointment is communicated to all members of the Company via an internal notice.

The rules described above also apply in the event of the replacement of a member of the Supervisory Board.

The removal of a member of the Supervisory Board from office shall take place by resolution of the Board of Directors on the following grounds:

1. failure to meet the required criteria;
2. the existence of a ground for ineligibility;
3. assignment to a management role or any other function or responsibility within LA LUCENTEZZA S.R.L. that is incompatible with the requirements of autonomy and independence;
4. subsequent incapacity or inability to carry out the role;
5. serious and repeated breaches of duty or negligence in the performance of the role;
6. 'failure to exercise supervision or insufficient supervision' on the part of the Supervisory Body, in accordance with Article 6(1)(d) of the Decree;
7. any other circumstance deemed appropriate by the Administrative Body, provided that sufficient and appropriate grounds are given.

A member of the Supervisory Board may resign from their post at any time and for any reason, provided they give prompt notice to the Administrative Body.

In the event of the resignation or removal from office of a member of the Supervisory Board, the Administrative Body shall arrange for their replacement without delay.

The Supervisory Board ceases to exist on the date specified in the instrument of appointment, whilst continuing, however, to perform its functions *on an interim basis* until a new appointment is made by the Administrative Body.

3.3 Functions and powers

The Supervisory Board is entrusted with the task of monitoring:

- the operation of the Model, in relation to its effectiveness in preventing the commission of predicate offences and in bringing to light any unlawful conduct;
- compliance with the Model, in particular with the provisions contained therein and with the regulations, protocols and procedures referred to therein;
- opportunities to update or amend the Model, should the legislator introduce new types of offence or should LA LUCENTEZZA change its organisational structure.

These objectives are pursued, in compliance with the law and the rights of employees and other stakeholders, through the carrying out of periodic checks regarding:

- "mapping" areas at risk of criminal offences, in order to ensure they are adapted to changes in the company's activities and structure;
- the effective implementation of the procedures, protocols and controls provided for in the Model and their effectiveness;
- specific operations or actions carried out, particularly in the context of sensitive activities;
- the timely adoption of corrective actions and measures to resolve critical issues identified during gap analysis, or by the Supervisory Body itself;
- alleged breaches of the law, the Model or the Code of Ethics;
- implementation of sanction mechanisms.

The Supervisory Board's monitoring activities complement the traditional oversight carried out by the administrative bodies (so-called 'line management oversight'), thereby fostering a 'culture of prevention and safety' in the context of criminal risk as well.

To this end, subject to any prohibitions imposed by law, the SB has free access to all the Company's documentation, without the need for any prior consent, as well as to all the departments and bodies of LA LUCENTEZZA, in order to obtain the information and data necessary to carry out the tasks set out in the Decree. In the event of a refusal, the SB, if it does not agree with the reasons given, shall draw up a report and submit it to the administrative body.

In all cases, the Supervisory Body shall guarantee the confidentiality of the information to which it has access and which comes into its possession, and shall refrain from seeking confidential information for purposes other than those established by the Decree, this Code and the regulations governing its operation. In all cases, any information received shall be processed in accordance with current *data protection* legislation.

The Supervisory Body also carries out proactive and investigative activities such as:

- information and training initiatives on the contents of the Model and the Code of Ethics;
- proposals for amendments to the Model which, with a view to its ongoing updating, may be adopted by the competent administrative body;

Finally, should any breaches come to light, it is the duty of the Supervisory Body, depending on the case and circumstances:

- urge the heads of the individual organisational units to comply with the Code of Conduct;
- directly specify which corrections and amendments must be made to standard operating procedures;
- report the most serious cases of failure to implement the Code to the heads of departments and those responsible for controls within the individual functions.

To this end, as mentioned above, the Supervisory Body must have unrestricted access to the departments and all company documentation, as well as the ability to obtain relevant data and information from the responsible parties.

The Board of Directors, in any event, has the power to convene the Supervisory Body at any time; likewise, the Supervisory Body may request a meeting of the Board of Directors for urgent reasons.

3.4 *Reporting* by the Supervisory Body

The Supervisory Body is obliged to report on the implementation of the Model, on the need for any amendments or additions to it, and on the emergence of any critical issues or breaches of the Model.
Specifically, the Supervisory Body must notify the competent Administrative Body:

- at the start of its activities and, subsequently, at the start of each financial year, the plan of activities it intends to carry out to fulfil the tasks assigned to it;
- annually, a summary of the activities carried out in the previous year and the status of the Model's implementation;
- periodically, the progress of the defined programme and any changes made to the plan, providing specific reasons;
- immediately, the occurrence of extraordinary situations and particularly urgent reports received. In particular, where such reports concern behaviour or actions not in line with the rules contained in the Model, internal regulations, procedures and protocols, the Code of Ethics, or any other unlawful conduct.

The Supervisory Body is also required to communicate the results of its investigations to the heads of departments and processes, should any areas for improvement come to light. In turn, the latter must draw up and submit to the Supervisory Body an action plan setting out the measures they intend to adopt in accordance with the Supervisory Body's guidance, specifying the relevant timelines.

3.5 Information flows and reports to the Supervisory Body

Article 6(2)(d) of the Decree stipulates that the Organisation, Management and Control Model must provide for obligations to inform the body responsible for supervising the functioning of and compliance with the models.

In particular, this Model provides that the Supervisory Body shall receive information that is useful and necessary for the performance of its supervisory and control activities, as well as reports of breaches of the Model or other unlawful conduct.

The following general requirements apply:

- communications to the Supervisory Body must be in writing and sent via the following channels: email, post and the online procedure;
- reports are to be made by the heads of departments in accordance with their respective areas of responsibility;
- any employee may make a report to their immediate line manager or to the Supervisory Body, using the channels provided for this purpose;
- external consultants and collaborators, in relation to work carried out for LA LUCENTEZZA, must report directly to the Supervisory Body;
- all reports, including those of an informal nature, must be channelled to the Supervisory Body, which will assess them by hearing from the person making the report or the person responsible for the alleged breach;
- all information and reports received are kept by the Supervisory Body in electronic or paper form.

In addition to reports relating to breaches of the Model, the Supervisory Body must be notified of any information concerning:

- criminal and disciplinary proceedings concerning conduct that constitutes a breach of the Code, providing details of the relevant outcomes (including decisions to dismiss the case) and any sanctions imposed;
- inspections or monitoring initiatives carried out by any public or supervisory authority;
- significant changes to the Company's governance model, organisation and governing bodies;

- updates to the system of powers and delegations.

These “information flows” are triggered either on a periodic basis – where the main departments report to the Supervisory Body at regular intervals regarding the sensitive areas within their remit – or *on an ad hoc basis*, where the circumstances of a specific case necessitate *reporting* to the Supervisory Body.

As regards the effectiveness of these flows, it is necessary to clearly identify the person responsible for the process involving the risk of criminal offences, who acts as a ‘channel of communication’ with the Supervisory Body.

The Supervisory Body is also responsible for coordinating with other departments to exchange information relating to activities carried out within sensitive areas.

Before exercising its supervisory powers, the Supervisory Body assesses the quality of the information received, taking into account the following criteria:

- relevance and connection to the activities carried out by LA LUCENTEZZA;
- timeliness;
- up-to-date status;
- accuracy.

Upon receiving a report, the Supervisory Body must provide written reasons for any refusal to conduct an internal investigation.

It shall then undertake any necessary investigative measures, consulting – if it deems it appropriate – the person who made the report or the person responsible for the alleged breach.

Any resulting measures are implemented by the relevant departments involved in accordance with the provisions of the Disciplinary System.

3.6 Whistleblowing

The handling of internal reports of any unlawful conduct relevant under Legislative Decree 231/2001, or of breaches of the Organisational Model, the procedures related thereto, and the Code of Ethics, is governed by the dedicated operating procedure: "Whistleblowing Policy". Readers are therefore referred to this policy, noting that it is, for all intents and purposes, an integral part of this Organisational Model.

The procedure is available for consultation:

- in digital format in the dedicated section of the Company's website (https://digitalroom.bdo.it/lalucentezza/home.aspx);
- in paper format at the company's premises.

3.7 Collection, retention and archiving of information

All information, notifications or reports provided for in the Model are stored by the Supervisory Body in a dedicated computerised and/or paper-based *database*.

The Supervisory Body sets out the criteria and conditions for accessing the *database* in a specific internal policy.

The data and information stored in the *database* are made available to parties outside the Supervisory Body, who may access them subject to authorisation by the Supervisory Body.

4. The Disciplinary System – Key Features

4.1 General Principles

The Organisational Model can only be considered effectively implemented if it provides for a disciplinary system capable of imposing sanctions for failure to comply with the measures set out therein (Articles 6(2)(e) and 7(4)(b)).

The disciplinary system provides for:

- specification of the people to whom it applies;
- the system of sanctions, which varies according to the seriousness of the breach and the role of the perpetrator within the company;
- the criteria for determining the severity of the sanction;
- the procedure for imposing sanctions.

Where the conduct in question constitutes one of the predicate offences set out in the Decree, the application of disciplinary sanctions is independent of the outcome of any criminal proceedings.

Failure to comply with the Code will result in sanctions that vary according to the role held by the individual, in accordance with the criteria set out below.

4.2 Measures concerning employees

A breach of the rules of conduct set out in the Code, as well as in the Code of Ethics, by employees of LA LUCENTEZZA constitutes a breach of the obligations arising from the employment relationship, which is subject to disciplinary action (Articles 2104(2) and 2106 of the Italian Civil Code).

The investigation and imposition of disciplinary sanctions within LA LUCENTEZZA take place within the limits set by Law No. 300/1970 (the so-called 'Workers' Statute') and by the sector's collective bargaining agreements.

In particular:

a) sanctions must be proportionate to the offence, the details of which are set out, pursuant to Article 2106 of the Civil Code, in the sector's collective bargaining agreement;
b) suspension from work and pay may not exceed three days;
c) the right of defence is guaranteed to the employee against whom the allegation is made.

The following constitute disciplinary offences:

- failure to comply with the procedures and rules of conduct contained in the Model or referred to therein, including the provisions of the Code of Ethics;
- the tampering with relevant documentation or any other form of obstruction of the Supervisory Body's control and oversight functions;
- failure to inform the line manager or the relevant Supervisory Body of breaches of the Model;
- breach of the measures put in place to protect whistleblowers;
- the submission, through the whistleblowing channels, of unfounded reports, whether with intent or gross negligence.

The following sanctions apply to employees (to be applied in accordance with the terms of the National Collective Labour Agreement and any existing trade union agreements):

a) verbal reprimand;
b) written warning;
c) a fine;
d) suspension from work and pay;
e) dismissal with notice;
f) dismissal without notice.

4.3 Measures against senior management

The managerial relationship is characterised by its fiduciary nature. Compliance by senior management at LA LUCENTEZZA with the provisions of the Code is considered an essential element of the employment relationship, as they are also expected to set an example for their subordinates.

Sanctions imposed on senior management are determined and applied in accordance with the statutory and contractual provisions set out in the relevant National Collective Labour Agreement.

Of particular significance are disciplinary offences arising, *inter alia*, from:

- failure to comply with the procedures and rules of conduct contained in or referred to by the Model, including the provisions of the Code of Ethics;
- circumventing the checks carried out by the Supervisory Body or, in any event, obstructing the exercise of its supervisory and monitoring powers;
- failure to monitor compliance with the Model by one's subordinates and collaborators;
- failure to report detected breaches of the Model to the Supervisory Body;
- breaching the measures put in place to protect *whistleblowers*;
- making unfounded reports through the *whistleblowing* channels, whether with intent or through gross negligence.

The following sanctions apply to managers (to be applied in accordance with the terms of the National Collective Labour Agreement and any existing trade union agreements):

a) a verbal reprimand from the Sole Director;
b) a written reprimand issued by the Sole Director;
c) temporary suspension;
d) dismissal.

4.4 Measures concerning Directors

Any breaches of the Code by the Sole Director of LA LUCENTEZZA must be promptly reported by the Supervisory Board to the Shareholders' Meeting.

The Shareholders' Meeting shall carry out the necessary investigations and, with the support of the Supervisory Board, assess the breach and take the most appropriate measures against the person responsible for the breach.

Disciplinary measures are taken by means of a resolution adopted in the absence of the person concerned.
The sanctions applicable to the Sole Director are:

a) a written warning;
b) temporary suspension from office;
c) removal from office or revocation of powers;

4.5 Measures concerning external parties: collaborators, agents, consultants

Any conduct on the part of external parties[5] that contravenes the guidelines set out in the Model, including the provisions on *whistleblowing*, or that otherwise entails the risk of committing a predicate offence, may result, in accordance with the specific contractual clauses included in the letters of appointment or contracts, in the termination of the contractual relationship.

[5] For example: collaborators, suppliers, consultants