PETTENON COSMETICS S.P.A. SB

ORGANIZATION,
MANAGEMENT AND CONTROL MODEL
LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

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- GENERAL PART I -

THE REGULATORY FRAMEWORK

1 *LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001*

1.1. THE ADMINISTRATIVE LIABILITY OF ENTITIES

Legislative Decree no. 231 of 8 June 2001, which regulates the "Discipline of the administrative liability of legal persons, companies and associations, including those without legal personality" (hereinafter also "**Legislative Decree 231/2001**" or, even just the "**Decree**"), which came into force on 4 July 2001 in implementation of art. 11 of Delegated Law no. 300 of 29 September 2000, introduced into the Italian legal system, in accordance with the provisions of the European Union, the administrative liability of entities[1].

This new form of liability, although defined as "administrative" by the legislator, has the characteristics of criminal liability, since it is left to the competent criminal judge to ascertain the crimes from which it derives and the same guarantees recognized to the person under investigation or to the accused in criminal proceedings being extended to the entity.

The administrative liability of the entity derives from the consummation of crimes, expressly indicated in Legislative Decree 231/2001, committed:

- in his interest[2] or to his advantage[3] (objective element):
- by persons functionally linked to the entity (subjective element), and in particular:
    a) by persons who hold representation, administration or management functions of the entity or of one of its organisational units with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the same (so-called **top management**);
    b) by persons subject to the direction or supervision of one of the subjects referred to in letter a) (so-called **subordinate subjects**).

The liability of the entity is excluded where the crime was committed in the exclusive interest of the offender.

In addition to the existence of the requirements described above, Legislative Decree 231/2001 also requires the ascertainment of the guilt of the entity, in order to be able to assert its liability. This requirement is attributable to an "*organizational fault*", to be understood as the failure of the entity to adopt adequate preventive measures to prevent the commission of the crimes provided for by the Decree by the identified subjects.

Where the entity is able to demonstrate that it has adopted, and effectively implemented, an organization suitable for avoiding the commission of such crimes, through the adoption of the organization, management and control model provided for by Legislative Decree 231/2001, it will not be liable for administrative liability.

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[1] Article 1 of Legislative Decree no. 231 of 2001 limited the scope of the subjects covered by the legislation to *"entities with legal personality, companies and associations, including those without legal personality"*. In light of this, the legislation applies to:
- entities with private subjectivity, or entities with legal personality and associations "even without" legal personality;
- entities with public subjectivity, i.e. entities with public subjectivity, but without public powers (so-called "public economic entities");
- entities with mixed public/private subjectivity (so-called "mixed companies").

On the other hand, the following are excluded from the list of recipients: the State, local public bodies (Regions, Provinces, Municipalities and Mountain Communities), non-economic public bodies and, in general, all bodies that carry out functions of constitutional importance (Chamber of Deputies, Senate of the Republic, Constitutional Court, General Secretariat of the Presidency of the Republic, C.S.M., etc.).

[2] The interest (to be assessed *ex ante*) consists in the finalistic prospect, by the offender-natural person who commits the crime, to achieve a utility for the entity regardless of the actual achievement of the benefit for the entity.

[3] The advantage (to be assessed *ex post*), corresponds to the actual achievement of a benefit for the entity without it being necessary for the offender-natural person to have voluntarily committed the crime in order to achieve a benefit for the entity.

1.2. THE CRIMES PROVIDED FOR BY THE DECREE

The offences from the commission of which the administrative liability of the entity derives are those expressly and exhaustively referred to by Legislative Decree 231/2001.

Please refer to Annex 1 of this document for details of the individual offences currently included in the scope of Legislative Decree 231/2001 ("**predicate offences**") specifying, however, that this list is destined to expand in the near future.

1.3. THE PENALTIES IMPOSED BY THE DECREE

The sanctioning system described by Legislative Decree 231/2001, in the face of the commission of the crimes listed above, provides, depending on the offences committed, for the application of the following administrative sanctions:

- financial penalties;
- disqualification sanctions;
- confiscation;
- publication of the judgment.

Financial penalties :

The financial penalties consist of the payment of a sum of money to the extent established by the Decree, in any case not less than € 25,823 and not more than € 1,549,370, to be determined in practice by the Judge through a two-phase evaluation system (the so-called "quota system").

In the cases provided for by law and, at present, with reference to the cases referred to in art. 25-octies.2 of Legislative Decree 231/2001 (offences relating to the violation of restrictive measures of the European Union), the financial penalty is not determined by quotas but is commensurate with a percentage of the total global turnover of the entity in the financial year preceding that in which the violation was committed, to the extent of between 1% and 5% (for certain cases: between 0.5% and 1%). When the global turnover cannot be ascertained, the fixed financial penalty determined pursuant to art. 11 of Legislative Decree 231/2001 is applied.

Disqualification sanctions:

The disqualification sanctions are as follows:

- prohibition from exercising the activity;
- suspension or revocation of authorizations, licenses or concessions functional to the commission of the offense;
- prohibition of contracting with the Public Administration;
- exclusion from facilitations, financing, contributions and subsidies, and/or revocation of those already granted;
- prohibition of advertising goods or services.

Disqualification sanctions apply, even jointly with each other, exclusively in relation to the crimes for which they are expressly provided for by the Decree, when at least one of the following conditions is met:

a) the entity has made a significant profit from the crime and the crime has been committed by a top management or a subordinate person when, in the latter case, the commission of the crime has been determined or facilitated by serious organizational deficiencies;

b) in the event of repetition of offences.

Even if one or both of the above conditions are met, disqualification sanctions do not apply if even one of the following circumstances exists:

a) the offender committed the act in his or her own interest or in the interest of a third party and the entity did not derive advantage from it or derived a minimal advantage from it; or

b) the pecuniary damage caused is particularly minor; or

c) before the declaration of the opening of the first instance hearing, all the following conditions are met (hereinafter, Conditions preventing the application of a disqualification sanction):

1) the entity has fully compensated for the damage and has eliminated the harmful or dangerous consequences of the crime or has in any case effectively worked in this direction;

2) the entity has eliminated the organisational deficiencies that led to the offence through the adoption and implementation of a Model;

3) the entity has made available the profit obtained for the purpose of confiscation.

Disqualification sanctions can also be applied as a precautionary measure upon request to the Judge by the Public Prosecutor, when the following conditions are met:

- there are serious indications to consider the existence of the liability of the entity pursuant to the Decree;
- there are well-founded and specific elements that suggest that there is a real danger that offences of the same nature as the one for which proceedings are being carried out.

Legislative Decree 231/2001 also provides that if there are the conditions for the application of a disqualification sanction that provides for the interruption of the activity of the entity, the judge, instead of the application of such sanction, may order the continuation of the activity by a judicial commissioner (Article 15 of the Decree) appointed for a period equal to the duration of the disqualification penalty that would have been applied, when at least one of the following conditions is met:

- the entity carries out a public service or a service of public necessity whose interruption may cause serious damage to the community;
- The interruption of the activity may have significant repercussions on employment taking into account the size of the entity and the economic conditions of the territory in which it is located.

Confiscation

Confiscation consists in the compulsory acquisition by the State of the price or profit of the crime, except for the part that can be returned to the injured party and done in any case without prejudice to the rights acquired by third parties in good faith; when it is not possible to carry out the confiscation in kind, it may relate to sums of money, goods or other utilities of a value equivalent to the price or profit of the crime.

The publication of the sentence

The publication of the sentence consists in the publication of the latter only once, in extract or in full, by the Judge's registry, at the expense of the entity, in one or more newspapers indicated by the Judge in the judgment, as well as by posting in the Municipality where the entity has its main office.

The publication of the conviction can be ordered when a disqualification sanction is applied to the entity.

1.4. LIABILITY IN THE EVENT OF CHANGES IN THE ENTITY

The Decree regulates the regime of liability of the entity in the event of transformation, merger, demerger and sale.

In the event of a transformation of the entity, liability for offences committed before the date on which the transformation took effect remains unaffected. The new entity will therefore be subject to the penalties applicable to the original entity, for acts committed prior to the transformation.

In the event of a merger, the entity resulting from the merger itself, even by incorporation, is liable for the crimes for which the entities that participated in the merger were responsible. If it took place before the conclusion of the proceedings to ascertain the liability of the entity, the Judge will have to take into account the economic conditions of the original entity and not those of the entity resulting from the merger.

In the event of a demerger, the liability of the demerged entity for offences ***committed*** prior to the date on which the demerger took effect remains unaffected; the entities benefiting from the demerger are jointly and severally liable to pay the financial penalties imposed on the demerged entity within the limits of the value of the net assets transferred to each individual entity, except in the case of an institution to which the branch of business in which the offence was committed has been transferred, even in part. Disqualification sanctions apply to the entity (or entities) into which the branch of

activity in which the offence was committed has remained or merged. If the demerger took place before the ***conclusion*** of the proceedings to ascertain the liability of the entity, the Judge will have to take into account the economic conditions of the original entity and not those of the entity resulting from the merger.

In the event of the transfer or contribution of the entity in the context of which the offence was committed, without prejudice to the benefit of the prior enforcement of the transferor entity, the transferee is jointly and severally obliged with the transferor entity to pay the financial penalty, within the limits of the value of the transferred entity and within the limits of the financial penalties resulting from the compulsory or due accounting books for offences of which the transferee was in any case aware.

1.5. EXEMPTION FROM ADMINISTRATIVE LIABILITY

Article 6 of Legislative Decree 231/2001 establishes that the entity is not liable for administrative liability if it proves that:

- the management body has adopted and effectively implemented, before the commission of the act, organisational, management and control models suitable for preventing offences of the kind that occurred (hereinafter also the "**Model**" or "**Model 231**");
- the task of supervising the operation and compliance of the models and of ensuring that they are updated has been entrusted to a body of the entity with autonomous powers of initiative and control (hereinafter also the "**Supervisory Body**" or "**SB**");
- the persons have committed the crime by fraudulently evading the Model (if the crime was committed by a top manager);
- there was no omission or insufficient supervision by the Supervisory Body.

The adoption of Model 231 therefore allows the entity to be able to escape the attribution of administrative liability. The mere adoption of this document, by resolution of the administrative body of the entity, is not, however, sufficient in itself to exclude such liability, since it is necessary that the model be effectively and effectively implemented.

With reference to the effectiveness of the organisational, management and control model for the prevention of the commission of the offences provided for by Legislative Decree 231/2001, it is required that:

- individuals the business activities in the context of which the offences may be committed;
- provides for specific protocols aimed at planning the formation and implementation of the decisions of the entity in relation to the crimes to be prevented;
- identifies methods of managing financial resources suitable for preventing the commission of crimes;
- provides for information obligations towards the body responsible for supervising the operation and compliance with the Model;
- introduces a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

With reference to the effective application of the Model, Legislative Decree 231/2001 requires:

- a periodic check, and, in the event that significant violations of the requirements imposed by the Model are discovered or changes occur in the organization or activity of the entity or legislative changes, the modification of the Model;
- the imposition of penalties in the event of violation of the requirements imposed by Model 231.

1.6. THE BENEFIT OF THE REDUCTION IN THE DURATION OF DISQUALIFICATION SANCTIONS

Paragraph 5-bis of art. 25 of Legislative Decree 231/01, introduced by the Anti-Corruption Law no. 3/2019 *"Measures to combat crimes against the public administration, as well as on the statute of limitations of the crime and on the transparency of political parties and movements",* provides for a reduction in disqualification sanctions in the event of the consummation of the crimes of extortion, undue inducement to give or promise benefits or corruption (for a term between 3 months and 2 years).

The benefit is granted to the entity that, before the issuance of the first instance judgment, has eliminated the organizational deficiencies that led to the crime through the adoption and implementation of organizational models suitable for preventing crimes of the kind that occurred, and has effectively worked:

- to prevent the criminal activity from being carried to further consequences;
- to ensure evidence of crimes;
- for the identification of those responsible;
- for the seizure of the sums or other benefits transferred.

1.7. THE "GUIDELINES" OF CONFINDUSTRIA

Art. 6 of Legislative Decree 231/2001 expressly provides that organisation, management and control models may be adopted on the basis of codes of conduct drawn up by the associations representing the entities.

For the purposes of preparing the Model, the "*Guidelines for the construction of organisation, management and control models pursuant to Legislative Decree 231/2001*" (hereinafter referred to as the "**Guidelines**") drawn up by Confindustria, most recently updated in June 2021, are therefore taken into consideration.

In defining the Organisation, Management and Control Model, the Confindustria Guidelines provide for the following project phases:

- the identification of risks, i.e. the analysis of the business context to highlight in which areas of activity and in what ways the crimes provided for by Legislative Decree 231/2001 may occur in the business context;
- the preparation of a control system suitable for preventing the risks of crime identified in the previous phase, to be carried out through the assessment of the existing control system and the relative degree of adaptation to the prevention needs expressed by Legislative Decree 231/2001.

The most important components of the control system outlined in the Confindustria Guidelines to ensure the effectiveness of the organisation, management and control model are summarised below:

- the provision of ethical principles and rules of conduct in a Code of Ethics;
- a sufficiently formalised and clear organisational system, in particular with regard to the allocation of responsibilities, hierarchical reporting lines and the description of tasks;
- manual and/or computerized procedures that regulate the performance of the activities, providing for the appropriate and adequate controls;
- authorization and signing powers consistent with the organizational and managerial responsibilities assigned by the entity, providing, where appropriate, spending limits;
- management control systems, capable of promptly reporting possible critical issues;
- information and training of staff.

The Confindustria Guidelines also specify that the components of the control system described above must comply with a series of control principles, including:

- verifiability, traceability, consistency and adequacy of every operation, transaction and action;
- application of the principle of separation of functions and segregation of duties (no one can manage an entire process independently);
- establishment, execution and documentation of the control activity on processes and activities at risk of crime;
- provision of an adequate sanctioning system for the violation of the rules of the Code of Ethics and the procedures provided for by the Model;
- identification of the requirements of the Supervisory Body, which can be summarised as follows:
    - autonomy and independence;
    - professionalism;

- continuity of action;
- information obligations of the Supervisory Body.

It should be noted that the discrepancy with respect to specific points of the various Guidelines does not in itself affect the validity of the Model. The individual Model, in fact, having to be drawn up with regard to the concrete reality of the entity to which it refers, may well deviate from the Guidelines which, by their nature, are of a general nature.

1.8. JURISPRUDEENTIAL EVOLUTION

For the purposes of drafting the Model, Pettenon Cosmetics S.p.A. SB has taken into account the most important and recent jurisprudential decisions, taking into account the principles affirmed by them and the guidelines established over time.

- GENERAL PART II –

THE ORGANIZATIONAL MODEL

2 *THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL*

2.1. THE COMPANY

PETTENON COSMETICS S.P.A. SB (hereinafter also "**Pettenon**" or the "**Company**") is a company active since 2015 in the manufacture of toilet products: perfumes, cosmetics, soaps and the like.

In 2021, Pettenon became a Benefit Corporation with the aim of pursuing – in addition to the economic objectives of a business activity – one or more purposes of common benefit and operating in a responsible, sustainable and transparent manner towards people, communities, territories and the environment, cultural and social assets and activities, bodies and associations and other stakeholders.

In carrying out its activities, Pettenon pursues the specific purposes of common benefit described below:

- constant research and development of formulas obtained through innovative techniques used in order to reduce consumption and waste of resources;
- protection of the environmental system, maximizing the use of sustainable materials and packaging;
- conception and development of communication and marketing projects aimed at promoting and disseminating the value of multiculturalism and gender equality;
- support for training activities aimed at entering the world of work;
- the support of philanthropic initiatives towards categories of subjects directly and indirectly involved in the company's activities.

The Company, aware of the importance of these issues, intends to promote their enhancement through the definition of specific objectives that it undertakes to achieve.

In January 2023, a reorganization of the shareholding structure of the Group to which Pettenon belongs was completed, through the demerger of the share assets of the Parent Company AGF88 Holding S.r.l. ("**AGF88**"). As a result of this transaction, the management business unit was transferred to Pettenon - identifiable in the activity carried out by AGF88 of maintaining, managing and developing intellectual property, managing shareholdings in subsidiaries, as well as providing administrative support to the subsidiaries themselves - in order to concentrate in Pettenon the entrepreneurial activities of strategic interest for the Group, leaving AGF88 as a holding company.

The Company subsequently concluded, in 2023, a business sale transaction of the company Biocosmethics S.r.l., the Company's historical supplier, and in 2024 with the company G&P Cosmetics S.r.l., a supplier of Pettenon specialized in the production of color.

As a result of these transactions, Pettenon manages three production plants, based in San Martino di Lupari (so-called. Pet1), Cartigliano (so-called. Pet2) and San Sepolcro (so-called. Pet3), divided on the basis of the production of shampoos and hair creams (Pet1 and Pet2) and the production of hair colors (Pet3).

2.2. PURPOSE OF THE MODEL

Pettenon aims to comply with a set of rules and principles of conduct that allow the Company to operate effectively and transparently and to prevent any incorrect conduct or the commission of offences by those who operate in the name and on behalf of the Company.

To this end, Pettenon, aware of the importance of adopting, and effectively implementing, a system suitable for preventing the commission of unlawful conduct in the corporate context, approved - by resolution of the Board of Directors on 9 April 2019 - the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, most recently updated in this version by resolution of 14 March 2024, on the assumption that it constitutes a valid tool for raising awareness among recipients (as defined in paragraph 2.3) to adopt correct and transparent behaviour, therefore suitable for

preventing the risk of committing criminal offences included in the list of predicate offences of the administrative liability of entities.

Through the adoption of the Model, the Company intends to pursue the following purposes:

- prohibit conduct that may constitute the offences referred to in the Decree;
- to determine the full awareness in all those who operate in the name and on behalf of Pettenon of being able to incur an offence, the commission of which is strongly censured by the Company, as it is always contrary to its interests even when, apparently, it could derive an immediate economic advantage;
- to spread awareness that the violation of the Decree, the provisions contained in the Model and the documents referred to therein, as well as the principles of the Code of Ethics, may result in the application of sanctioning measures also against the Company;
- to allow the Company, thanks to a set of procedures and constant monitoring of the correct implementation of this system, to promptly prevent and/or combat the commission of significant crimes pursuant to the Decree.

2.3. RECIPIENTS

The provisions of this Model are binding on the entire Board of Directors, on all those who hold representation, administration and management or management and control functions at Pettenon (including de facto), on employees (to be understood as all those who are linked to the Company by an employment relationship, including managerial staff), and on collaborators subject to the direction or supervision of the Company's top management (hereinafter the "**Recipients**").

In particular, the recipients of the Model are:

- the Board of Directors and all those who hold management and management functions in the Company or in one of its divisions and/or organisational units with financial and functional autonomy, as well as those who also exercise de facto management and control of the Company;
- all those who have an employment relationship with the Company (employees);
- all those who collaborate with the Company by virtue of a para-subordinate employment relationship (e.g. apprentices, etc.);
- those who operate under mandate or on behalf of the Company in the context of sensitive activities, such as consultants.

The subjects to whom the Model is addressed are required to comply with all its provisions in a timely manner, also in fulfilment of the duties of loyalty, fairness and diligence that arise from the legal relationships established with the Company.

2.4. FUNDAMENTAL ELEMENTS OF THE MODEL

The fundamental elements developed by Pettenon in the definition of the Model, which are discussed in detail below, can be summarized as follows:

- the mapping of the activities at risk of committing the crime, with the identification of examples of possible ways of committing the crimes and the instrumental/functional processes within which, in principle, the conditions and/or means for the commission of the crimes could occur, formalized in the document called "*Mapping of activities at risk of crime*" referred to in paragraph 2.6;
- the set of company procedures and *policies* , to oversee all corporate activities, including - in particular for the purposes of this Model - those activities which, as a result of the aforementioned mapping activity, have been exposed to a potential risk of committing the offences referred to in Legislative Decree 231/2001;
- the establishment of a Supervisory Body with a collegial composition, which is assigned specific tasks of supervision of the effective implementation and effective application of the Model in accordance with the Decree;

- the introduction of an internal reporting channel for the collection of reports pursuant to Legislative Decree no. 24 of 10 March 2023 ("**Whistleblowing Decree**") implementing Directive (EU) 2019/1937 governing the protection of persons who report violations; national or European Union regulatory provisions that harm the public interest or the integrity of the public administration or private entity, of which they have become aware in a public or private work context;
- a sanctioning system aimed at ensuring the effective implementation of the Model and containing the disciplinary actions and sanctioning measures applicable to the Recipients, in the event of violation of the provisions contained in Decree 231, the Whistleblowing Decree, the Model, the documentation referred to therein and the Code of Ethics;
- the provision of information and training activities on the contents of this Model;
- the provision of principles of conduct and control protocols defined for each instrumental/functional process aimed at regulating Pettenon's decisions set out in the Sections of the "*Special Part*" of this Model.

2.5. CODE OF ETHICS

Pettenon, sensitive to the need to base the performance of corporate activities on compliance with the principle of legality, has adopted its own Code of Ethics (hereinafter, alternatively, the "**Code**" or the "**Code of Ethics**")

The Code establishes a series of principles, values and rules of conduct to be applied in business management that the Company recognizes as its own and which it requires compliance with both by its corporate bodies and employees, and by third parties who, for any reason, have commercial relations with it.

The Code of Ethics therefore has a general scope and represents a set of rules, spontaneously adopted by the Company, which the Company recognises, accepts and shares, aimed at disseminating solid ethical integrity and a strong sensitivity to compliance with current regulations.

Compliance with the Code of Ethics therefore serves not only to spread a culture within the Company that is sensitive to legality and ethics, but also to protect the interests of employees and those who have relations with the Company, preserving the Company from serious liability, sanctions and reputational damage.

In consideration of the fact that the Code of Ethics recalls principles of conduct (including legality, fairness and transparency) also suitable for preventing the unlawful conduct referred to in Legislative Decree 231/2001, this document acquires relevance for the purposes of the Model and therefore constitutes a complementary element to the same.

2.6. METHODOLOGICAL PATH FOR DEFINING THE MODEL: MAPPING OF ACTIVITIES AT RISK OF CRIME - INSTRUMENTAL PROCESSES AND SAFEGUARDS

Legislative Decree 231/2001 expressly provides, in art. 6, paragraph 2, letter a), that the organisation, management and control model of the entity identifies the corporate activities in the context of which the offences included in the Decree may potentially be committed.

Consequently, the Company proceeded, with the support of an external consultant, to an in-depth analysis of the same. As part of this activity, the Company first analysed its organisational structure represented in the company organisation chart that identifies the company Departments/Functions, highlighting their roles and hierarchical-functional reporting lines. This document is kept at the Group HR & Organization *department*, and is available for consultation.

Pettenon subsequently analysed its business activities on the basis of the information collected from company representatives (i.e. Department/Function Managers) who, due to the role held, have the broadest and deepest knowledge of the operations of the business sector of their competence.

The results of this activity were collected and formalized in two documents:

i) the "**Mapping of activities at risk of crime**" (hereinafter "Mapping"), which illustrates in detail the risk profiles of the Company relating to the commission of the crimes included in Legislative Decree 231/2001.
In particular, this Mapping represents the areas of activity at risk, the corporate activities at risk of committing crimes (so-called "**sensitive activities**"), the Company Functions/Departments involved, the crime families and the types of crimes provided for by Legislative Decree 231/2001 and considered prevalent within the Company's business reality and associated with sensitive activities, examples of possible methods and purposes of carrying

them out, as well as the processes in which, again in principle, the conditions and/or means for the commission of such crimes could be created (so-called "**instrumental/functional processes**").

ii) the "**Report of the Gaps and Action Plan**" divided into the following sections:

- **Sec. The "Gap Analysis - Action Plan**" in which the control measures adopted by the Company were identified and evaluated, both those of a "transversal" nature and those specific to each sensitive activity, with the detection of any gaps and indication of suggestions/implementation actions proposed in order not only to improve the internal control system, but also to mitigate the risk of committing the crimes provided for by Legislative Decree 231/01;
- **Section II** "***Risk Assessment"*** in which, for each sensitive activity, the potential risk of committing crimes 231 classified by crime families was identified, the internal control system detected was assessed and the residual risk of the consummation of crimes 231 was represented.

The Mapping of activities at risk of crime and the Report of the Gaps and Action Plans are kept in the Company's Legal Corporate Affairs & Compliance Department, which takes care of their archiving, making it available - for possible consultation - to the Directors, the Statutory Auditors and anyone authorised by the Company to view them.

2.6.1 Sensitive activities

Specifically, from the analysis of the corporate reality of Pettenon Cosmetics S.p.A. SB, the following sensitive activities have been identified, as described in Annex 2 to the following Model:

- Management of obligations and requests for authorizations/administrative measures necessary to carry out typical company activities;
- Acquisition and management of contributions, grants, financing, insurance or guarantees granted by public entities;
- Management of inspections by representatives of the Public Administration (Revenue Agency, INPS, ASL, Customs Agency);
- Litigation management;
- Tax management;
- Management of financial flows-payments and collections and accounting;
- Selection, recruitment and management of human resources;
- Expense report management;
- Management of the incentive and reward system;
- Procurement of goods;
- Procurement of services (e.g. procurement contracts with cooperatives, maintenance services...);
- Procurement of consulting services;
- Project development and sales management activities on behalf of third parties;
- Sales and business development activities – large-scale distribution;
- Sales and business development activities – dealers and distributors;
- E-commerce sales activities;
- Management of relationships with agents and sales representatives;
- Management of marketing, communication, education activities;
- Claims management
- Handling of giveaways;
- Management of donations and sponsorships;

- Research and Development and Management of the production process;
- Trademark and patent management;
- Labeling and packaging process;
- Quality assurance;
- Quality control;
- Import export operations;
- Management of information systems;
- Management of the occupational health and safety system;
- Management of environmental aspects;
- Management of relations with Shareholders and the Board of Statutory Auditors;
- Preparation of the financial statements (including estimates) and related communications;
- Transactions relating to share capital: management of contributions, company assets, profits and reserves, transactions on shareholdings and capital;
- Management of intra-group relationships

2.6.2 "Instrumental/functional" business processes

As part of the activities described above, the Company has also identified the so-called business processes that are instrumental/functional to the commission of the crime, i.e. those business processes in which, in principle, the conditions could be met and/or the means for the commission of the offences relevant for the purposes of the Decree could be found and to which the sensitive activities have been referred.

These processes are as follows:

1. Relations with the Public Administration and Independent Administrative Authorities;
2. Management of financial flows, taxation and accounting;
3. Selection, recruitment and management of personnel;
4. Purchasing management;
5. Sales management;
6. Management of promotional activities, communication, gifts and donations;
7. Product management and development;
8. Quality management;
9. Management of the import and export activity;
10. Management of health and safety obligations in the workplace pursuant to Legislative Decree 81/2008;
11. Management of environmental obligations;
12. Security management and maintenance of information systems;
13. Preparation of the financial statements and management of relations with Shareholders;
14. Management of intra-group relationships;
15. Management of relations with the Judicial Authority.

A specific Section of the Special Part of this Model has been dedicated to each instrumental/functional process, relevant to the company, deemed to be at risk of committing the offences envisaged by the Decree, where the so-called "Control" Protocols**. "Control Protocols" have been formulated**, adopted by the Company to prevent the risk of committing the offence in the management of sensitive activities and instrumental/functional processes associated with the offences provided for by Legislative Decree 231/2001.

2.7. THE STRUCTURE OF THE ORGANIZATIONAL AND CONTROL SYSTEM

In preparing the Model and on the basis of the areas of activity at risk of crime found to be significant, the Company reviewed the existing organisational and control system, structured in a complex series of safeguards, in order to verify whether it was suitable for preventing the specific offences envisaged by the Decree.

In particular, Pettenon's organizational and control system is based, in addition to the principles of conduct and control protocols set out in the Special Part, also on the following elements:

- the national, EU and international legal and regulatory framework applicable to Pettenon, concerning the manufacture of toilet products: perfumes, cosmetics, soaps and the like, to which the Company strictly adheres;
- the Code of Ethics, which – as already represented in paragraph 2.5 above – establishes the principles and rules of conduct adopted by the Company;
- the existing system of delegations and powers of attorney (to which reference is made to paragraphs 2.8 and 2.9);
- the hierarchical-functional structure (*see* company organization chart, also with reference to Health and Safety in the workplace). This document reflects the changes that have actually occurred in the organizational structure and is, therefore, kept constantly updated;
- the use of management applications, such as SAP, capable of ensuring segregation of roles, authorization levels and automatic controls;
- the principles of conduct and control protocols set out in the Sections of the Special Part of this Model;
- the implementation of integrated information systems, oriented towards the segregation of functions, as well as a high level of standardization of processes and the protection of the information contained therein, with reference to both management and accounting systems and systems to support business-related operational activities.

Pettenon's current organizational and control system, understood as an apparatus aimed at managing and monitoring the main corporate risks, ensures the achievement of the following objectives:

- effectiveness and efficiency in using company resources, protecting against losses and safeguarding the Company's assets;
- compliance with applicable laws and regulations in all operations and actions of the Company;
- reliability of information, to be understood as timely and truthful communications to guarantee the correct performance of every decision-making process.

The following principles are the basis of this system, taken up and declined in company procedures and control protocols:

- every operation, transaction and action must be verifiable, documented, consistent and congruous;
- the system guarantees, also through a consistent attribution of powers and delegations and authorization levels, the application of the principle of segregation of tasks (for which no one must be able to manage an entire process independently) and functional independence;
- The internal control system documents the execution of controls, including supervisory controls.

Responsibility for the proper functioning of the internal control system is entrusted to each Department/Function for all the processes for which it is responsible.

The existing corporate control structure is divided into:

- line controls, carried out by the individual Departments/Functions on the processes for which they are responsible for management, aimed at ensuring the correct performance of operations;
- Group functional reports.

It should also be noted that the Company, in accordance with the content of Article 6, paragraph 2, letter c) of Legislative Decree 231/01, uses IT tools, procedures and qualified resources - has the objective of: *i)* achieving an orderly and transparent management of financial flows; *ii)* to combat any possible phenomenon of creation of hidden funds and/or provisions intended for the commission of the crimes provided for by the Decree itself.

2.8. THE COMPANY'S SYSTEM OF PROXIES AND POWERS OF ATTORNEY

The authorisation and decision-making system translates into an articulated and coherent system of delegation of functions and powers of attorney of the Company, based on the following requirements:

- the delegations must combine each management power with the relative responsibility and an adequate position in the organization chart and be updated as a result of organizational changes;
- each delegation must define and describe in a specific and unequivocal way the managerial powers of the delegate and the person to whom the delegate reports hierarchically/functionally;
- the management powers assigned with the delegations and their implementation must be consistent with the company's objectives;
- the delegate must have spending powers appropriate to the functions conferred on him;
- powers of attorney may only be conferred on persons with internal functional delegation or specific assignments and must provide for the extension of powers of representation and, where appropriate, numerical expenditure limits;
- all those who have relations with the Public Administration on behalf of Pettenon must be provided with a proxy/power of attorney to this effect.

2.9. THE ORGANISATIONAL STRUCTURE IN THE FIELD OF HEALTH, SAFETY AND THE ENVIRONMENT

2.9.1 Health and safety at work

In the field of health and safety in the workplace, the Company has adopted an organisational structure pursuant to Legislative Decree 81/2008 as amended (the "**Consolidated Safety Act**"), with a view to eliminating or, where this is not possible, minimising the risks of manslaughter and serious or very serious culpable injuries to workers.

In consideration of the role exercised, the Chief Executive Officer is recognized as the connected and inherent role of Pettenon's Employer with reference to the company's activities and the places where they are carried out, attributing to him full decision-making and management autonomy.

Legislative Decree 81/2008 leaves to the Employer any assessment of the opportunity to delegate specific functions in the field of health and safety, through delegation of functions prepared in accordance with art. 16 of Legislative Decree 81/2008, to company subjects with adequate technical capacity, professionalism and experience in the field.

The Company's current organisational scheme therefore provides for the formalisation of appointments and functional delegations that ensures the technical skills and powers necessary for the verification, assessment and management of risk, also thanks to the attribution of appropriate powers to the delegated subjects.

Within this organizational structure, the following entities operate:

- Employer pursuant to Article 2 of Legislative Decree 81/2008;
- Employer's Delegates pursuant to Article 16 of Legislative Decree no. 81/2008;
- the head of the prevention and protection service (RSPP);
- managers;
- the supervisors;
- prevention and protection service officers;
- first aid workers;
- fire prevention officers;
- workers' safety representatives;
- the competent doctor;

- workers.

It is the specific competence of the Employer to sign the Risk Assessment Document ("**DVR**") as a formalization organized by the company, of the assessment of all risks regarding the health and safety of workers during the exercise of their respective activities and the appropriate measures for the prevention of accidents and accidents through risk reduction.

The tasks and responsibilities of the above-mentioned persons are formally defined in accordance with the Company's organisational and functional scheme, with reference to the specific figures operating in the field of activities at risk of crime in the field of health and safety in the workplace.

On 11 June 2026, INAIL published - in collaboration with Federchimica - the "Guidelines for the application of an occupational health and safety management system for the chemical industry", updating the 2023 version. The purpose of the Guidelines is to provide companies with operational support functional to the adoption of management systems, aimed at increasing the level of health and safety in the workplace.

In particular, with regard to the administrative liability of entities, the Guidelines were used for the drafting of the Company's Organization, Management and Control Model in order to benefit from the presumption of conformity provided for by art. 30 of Legislative Decree 81/2008 for the corresponding parts and, therefore, in order to exempt the entity in the event of manslaughter or culpable personal injury occurring in violation of the legislation on health and safety at work.

The Guidelines also represent a guide for the Supervisory Body, containing a detailed list of the activities that must be taken into consideration in the context of the information flows that the SB is called upon to receive in order to adequately exercise its supervision.

That said, Pettenon's management system for health and safety in the workplace (as also indicated in Section 10 of the Special Section, to which reference is made) also provides for a control system on the maintenance over time of the conditions of suitability of the measures adopted, through the work of the Prevention and Protection Services.

The system also provides for the review and possible modification of the solutions adopted when significant violations of the rules relating to the prevention of accidents are discovered, or on the occasion of changes in the organization and activity in relation to scientific and technological progress (activity carried out through the competent RSPP, according to the provisions of Article 28 of Legislative Decree 81/2008 and on the occasion of the periodic meeting referred to in Article 35 of Legislative Decree 81/2008).

2.9.2 Environmental protection

The Company has obtained certification according to the UNI ISO 14001:2015 standard and has adopted an organisational structure pursuant to Legislative Decree 152/2006 and subsequent amendments – Environmental Standards – with a view to eliminating, i.e. where this is not possible, minimising risks to the environment as well as to the health of workers and the surrounding population. This organisational structure provides for the appointment of an Environmental Delegate who has been delegated functions.

The environmental management system provides for control activities on the implementation of the system itself and on the maintenance over time of the conditions of suitability of the measures adopted, through the work of the environmental service.

Finally, the Company periodically verifies the application and effectiveness of the procedures in force, also with a view to any modification of the solutions adopted in the event of organisational changes, or in relation to scientific and technological progress.

3 *THE SUPERVISORY BODY*

Art. 6, paragraph 1, of Legislative Decree 231/2001 requires, as a condition for benefiting from the exemption from administrative liability, that the task of supervising compliance with and functioning of the Model, taking care of its updating, be entrusted to a Supervisory Body within the entity which, endowed with autonomous powers of initiative and control, continuously exercises the tasks entrusted to it.

The Decree requires the Supervisory Body to carry out its functions outside the Company's operational processes, reporting periodically to the Board of Directors, free from any hierarchical relationship with the Board itself and with the individual heads of the Departments/Functions.

In compliance with the provisions of Legislative Decree 231/2001, Pettenon's Board of Directors appointed – by resolution of 25 March 2025 – the collegial Supervisory Body, composed of 3 members, functionally dependent on the Board itself.

In particular, the composition of the Supervisory Body has been defined in such a way as to guarantee the following requirements:

- *Autonomy and independence*: this requirement is ensured by the collegial composition and *by reporting* directly to the Board of Directors, without, however, being hierarchical subordinate to the Board of Directors.
- *Professionalism*: a requirement guaranteed by the wealth of professional, technical and practical knowledge available to the members of the Supervisory Body. In particular, the chosen composition guarantees suitable legal knowledge and of the principles and techniques of control and monitoring.
- *Continuity of action*: with reference to this requirement, the Supervisory Body is required to constantly monitor, through investigative powers, compliance with the Model by the Recipients, to take care of its implementation and updating, representing a constant reference for all Pettenon staff.

3.1 TERM OF OFFICE, FORFEITURE AND DISMISSAL

The Supervisory Body remains in office for the period determined by the Board of Directors in the Board resolution establishing the Body. The members of the Body are chosen from among individuals in possession of an ethical and professional profile of indisputable value and must not be in marital or family relations within the second degree with the Directors.

The members of the Supervisory Body shall in any case remain in office beyond the term of office set in the Board resolution appointing them until the Board of Directors has appointed the Supervisory Body in its new composition with a specific Board resolution or has confirmed the previous one.

Members of the Supervisory Body may be appointed by employees of the Company and external professionals. The latter must not have relationships with the Company that constitute hypotheses of conflict of interest and compromise their independence.

The Board of Directors appoints and dismisses the Chairman of the Supervisory Body, chosen from among external consultants. In the absence of appointment by the administrative body, the same will be elected by the same Supervisory Body.

The remuneration of the members of the Supervisory Body does not constitute a conflict of interest.

A member of the Supervisory Body may not be appointed, and, if appointed, the interdicted, the incapacitated, the bankrupt or the person who has been convicted, even with a non-final conviction, to a penalty that involves the disqualification, even temporary, from public offices or the inability to exercise managerial offices, or has been convicted, even with a non-final sentence or with a sentence of application of the penalty at the request of the parties *pursuant* to Article 444 of the Code of Criminal Procedure (so-called plea bargaining sentence), for having committed one of the crimes provided for by Legislative Decree 231/2001.

Members who have an employment relationship with the Company automatically lose their office in the event of termination of such relationship, and regardless of the cause of interruption of the same, or of the assumption of a new task incompatible with the requirements for the composition of the SB.

The Board of Directors may revoke the members of the Body at any time, but only for just cause, by Board of Directors, by Board of Directors, after consulting the Board of Statutory Auditors.

The following constitute just cause for the revocation of the members:

- failure to notify the Board of Directors of a conflict of interest that prevents the maintenance of the role of member of the Body itself;
- violation of confidentiality obligations with regard to news and information acquired in the exercise of the functions of the Supervisory Body;
- for members linked to the Company by an employment relationship, the initiation of disciplinary proceedings for facts that may result in the sanction of dismissal.

If the revocation occurs without just cause, the revoked member may request to be immediately reinstated in office.

On the other hand, the following constitute grounds for forfeiture of the entire Supervisory Body:

- the ascertainment of a serious breach by the Supervisory Body in the performance of its verification and control tasks;
- the sentence of conviction of the Company, even if it has not become irrevocable, or a sentence of application of the penalty at the request of the parties *pursuant to* Article 444 of the Code of Criminal Procedure (so-called plea bargaining sentence), where the documents show the omission or insufficient supervision by the Supervisory Body.

Each member may withdraw from office at any time with at least 30 days' written notice, to be communicated to the Chairman of the Board of Directors by registered letter with return receipt, who will report to the Board of Directors.

In the event that, following the revocation, withdrawal or forfeiture of a member or other fact that may reduce the composition of the Supervisory Body to only two members, the same Body may in any case carry out its functions and operate until the date of the Board resolution supplementing the composition with the appointment of the third member.

The Supervisory Body autonomously regulates the rules for its operation in a specific Regulation, in particular by defining the operating procedures for the performance of the functions assigned to it. The Regulation is subsequently transmitted to the Board of Directors for its acknowledgement.

3.2 POWERS AND FUNCTIONS OF THE SUPERVISORY BODY

The Supervisory Body is entrusted with the following tasks:

- supervising the dissemination of knowledge, understanding and compliance with the Model within the Society;
- supervise compliance with the Model by the Recipients in the areas of activity potentially at risk of crime;
- supervise the validity and adequacy of the Model, with particular reference to the effective ability of the Model to prevent the commission of the offences provided for by the Decree;
- inform the Company of the opportunity to update the Model, where there is a need for adaptation in relation to changed company and/or regulatory conditions.

In carrying out these activities, the Body shall provide for the following obligations:

- coordinate and collaborate with the Company Departments/Functions (also through special meetings) for the best monitoring of the company activities identified in the Crime Risk Model;
- carry out targeted checks on certain operations or specific acts, carried out within the areas of company activity identified as potentially at risk of crime, also with the support of the Company Departments/Functions;
- verifying the effective performance of the information and training initiatives on the Model undertaken by the Company, supporting the Legal, Corporate Affairs & Compliance Department – upon request – in verifying their adequacy;
- establish a specific "dedicated" information channel (i.e. e-mail address), aimed at facilitating the flow of information to the Body by the Company Departments/Functions involved in business processes potentially at risk of crime;
- immediately report to the Board of Directors any violations of the Model, deemed well-founded, by the Company's Directors or by its top management;
- immediately report to the Shareholders' Meeting any violations of the Model, considered well-founded, by the entire Board of Directors.

For the purposes of carrying out the obligations listed above, the Body is endowed with the powers indicated below:

- issue provisions and service orders aimed at regulating its activities and preparing and updating the list of information, known as "**Information Flows**" (as defined in paragraph 3.4.), which must be received from the Company Departments/Functions;

- access, without prior authorization, to any company document relevant to the performance of the functions attributed to it by Legislative Decree 231/2001;
- order that the heads of the Company Departments/Functions and, in any case, all the Recipients, promptly provide the information, data and/or news requested of them in order to identify aspects related to the various company activities relevant to the Model and to verify its effective implementation;
- to resort to external consultants of proven professionalism in cases where this is necessary for the performance of verification and control activities or to update the Model.

For a better performance of its activities, the Body may delegate one or more specific tasks to individual members, who will carry them out in the name and on behalf of the Body itself. With regard to the delegated tasks, the responsibility deriving from them falls on the Body as a whole.

The Board of Directors of the Company assigns to the Supervisory Body an annual expenditure budget in the amount proposed by the Body itself and, in any case, adequate with respect to the functions entrusted to it. The Body autonomously decides on the expenses to be incurred in compliance with the company's powers of signature and, in the event of expenses exceeding the *budget*, is authorized directly by the Board of Directors.

The Board of Directors of the Company assigns to the Supervisory Body an annual expenditure budget in the amount proposed by the Body itself and, in any case, adequate with respect to the functions entrusted to it. The Body autonomously decides on the expenses to be incurred and, in the event of expenses exceeding the budget, is authorized directly by the Board of Directors.

In addition to the above, in relation to the entry into force of the Whistleblowing Decree, the Supervisory Body is called upon to:

- supervise the Company's implementation of an internal reporting channel and its compliance (in terms of "design") with Legislative Decree 24/2023, as well as the consequent updating of the Model with reference to the channel itself (see paragraph 3.4 on this point);
- supervise the adoption by the Company of a Whistleblowing procedure to govern the procedure for the management of internal reports made by the whistleblower, i.e. the obligations and methods of collection, management and archiving of reports made through the use of the internal channel implemented by the Company;
- supervise the training, information and dissemination of the provisions of the Model and the whistleblowing procedure in this regard;
- supervise the effectiveness and accessibility of the internal reporting channel implemented by the Company;
- supervise the effective functioning and compliance with the provisions of the Model and the whistleblowing procedure (by way of example: verify compliance with Article 4, paragraph 2 of Legislative Decree 24/2023 with regard to the person identified as responsible for managing the channel, carry out periodic sample checks on compliance with the deadlines provided for by Legislative Decree 24/2023 on the subject of acknowledgement of receipt and feedback, on the possible application of the disciplinary system, on the measures adopted to ensure compliance with the confidentiality obligations and the prohibitions on retaliation provided for by the legislation).

3.3 SUPERVISORY BODY REPORTING

As already mentioned above, in order to ensure full autonomy and independence in the performance of its functions, the Supervisory Body communicates directly to the Company's Board of Directors.

In particular, the Supervisory Body reports on the state of implementation of the Model and the results of the supervisory activity carried out in the following ways:

- periodically to the Chief Executive Officer, to ensure constant alignment with top management regarding the activities carried out;
- on an annual basis to the Board of Directors, through a written report, which illustrates the monitoring activities carried out by the Body itself, the critical issues that have emerged and any corrective or improvement measures appropriate for the implementation of the Model;

- occasionally vis-à-vis the Board of Statutory Auditors, if it deems it necessary, in relation to alleged violations committed by top management or members of the Board of Directors, and may receive requests from the Board of Statutory Auditors for information or clarification regarding the aforementioned alleged violations.

The Supervisory Body may be convened at any time by both the Board of Directors and the Board of Statutory Auditors and, in turn, may request these bodies to be heard if it deems it appropriate to report on matters relating to the functioning and effective implementation of the Model or in relation to specific situations.

To guarantee a correct and effective flow of information, as well as for the complete and correct exercise of its duties, the Body also has the right to request clarifications or information directly from the subjects with the main operational responsibilities.

3.4 INFORMATION FLOWS AND REPORTS TO THE SUPERVISORY BODY

3.4.1 Information flows

Legislative Decree 231/2001 sets out, among the requirements that the Model must satisfy, the establishment of specific information obligations towards the Supervisory Body by the Company's Departments/Functions, aimed at allowing the Body itself to carry out its supervisory and verification activities.

In this regard, the following information must be communicated to the Supervisory Body (so-called "**Information Flows**"):

- on a periodic basis, a series of information, data, news and documents referring to the Special Sections of Model 231, previously identified and reviewed on a periodic basis by the Supervisory Body, according to the methods and timing defined by the same Body.
- as part of the Supervisory Body's verification activities, any information, data, news and documents deemed useful and/or necessary for the performance of such checks, previously identified by the Body and formally requested from the individual Departments/Functions;
- occasionally, any other information of any kind regarding the implementation of the Model in areas considered at risk of crime and compliance with the provisions of the Decree, which may be of assistance in carrying out the activities of the Supervisory Body

In addition to the above, any communication must be submitted to the Supervisory Body also relating to the following issues:

- measures and/or notifications by the police or any other authority, including administrative authorities, involving the Company or high-level persons and indicating that investigations, including against unknown persons, are underway for the offences provided for by the Decree, without prejudice to the confidentiality and secrecy obligations imposed by law;
- requests for legal assistance submitted by managerial staff and/or employees when legal proceedings are initiated after the alleged commission of an offence provided for by the Decree;
- changes in the system of proxies and powers of attorney, amendments to the bylaws or organizational charts;
- the disciplinary sanctions applied for a violation of the Model or a decision not to proceed together with the reasons for such a decision;
- reports of serious bodily injury (manslaughter, grievous or very serious bodily injury, and in general any bodily injury involving a prognosis of more than 40 days) to employees or contractors of the Company;

The Supervisory Body, with the assistance of the Company, formally identifies the methods of transmission of such information, notifying the relevant Departments that have the duty to make the communications.

All information, documentation, issues shared with the Supervisory Body and information collected by the same during the performance of its functions must be kept by the Supervisory Body for a period of time not exceeding the achievement of the purposes for which they were requested, unless otherwise provided for by law.

To receive the Information Flows, the SB has activated the following odv@pettenon.it e-mail address, access to which is reserved only for members of the Body. Failure to send information to the Supervisory Body constitutes a violation of this Model.

In order to regulate the flow of information, the Supervisory Body has also drawn up and adopted the "*Information Flow Procedure to the SB*" and the related "*Information Flow Table*" with the aim of defining cases and operating methods relating to Information Flows in order to give greater systematicity, concreteness and objectivity to the communications that the Departments - Company Functions/Recipients of the Model must provide to the Supervisory Body.

In the exercise of its functions, the Supervisory Body may, in any case, request additional information flows to those provided for in the "*Information Flow Procedure to the SB*".

3.4.2 ***Reports***

The Whistleblowing Decree amended art. 6, paragraph 2-bis of Legislative Decree 231/2001, as well as repealed paragraphs 2-ter and 2-quarter of the same article, establishing that the Models must provide:

- internal reporting channels, which guarantee, including through the use of encryption tools, the confidentiality of the identity of the reporting person, the person involved and the person in any case mentioned in the report, as well as the content of the report and the related documentation;
- the protection of confidentiality and the prohibition of retaliation in any form against the whistleblower;
- a disciplinary system suitable for sanctioning non-compliance, in addition to the provisions of the Model and the Code of Ethics, also with the provisions of the Whistleblowing Decree.

In accordance with the provisions of the Whistleblowing Decree, the Company has adopted its own internal reporting channel "Platform" accessible via the following link https://www.pettenon.it/it/whistleblowing and appointed a committee for the management of internal reports (so-called **Whistleblowing Committee**).

The procedure for the management of internal reports, i.e. the obligations and methods of collection, management and archiving of the same, the conditions for making external reports, as well as the information flows between the Whistleblowing Committee and the other corporate bodies/functions which, in relation to the type of report, may be involved in its management, are governed by the whistleblowing procedure attached to this Model (Annex no. 4) and the content of which is intended to be referred to here in full.

In this regard, in the event of reports with impacts on Decree 231, the Code of Ethics and/or the Model adopted by the Company, the Whistleblowing Committee involves the Supervisory Body so that the latter can proceed with the assessment of the facts and order the investigations deemed necessary, also making use of the support of the Company's corporate control functions, in full compliance with the obligation of confidentiality and protection of personal data pursuant to art. 12 and 13 of the Whistleblowing Decree.

3.5 THE SANCTIONING SYSTEM

The definition of a sanctioning system, applicable in the event of violation of the provisions of this Model, of the documentation referred to therein and of the Code of Ethics, is a necessary condition to ensure the effective implementation of the Model itself, as well as an essential prerequisite for allowing the Company to benefit from the exemption from administrative liability.

The application of disciplinary sanctions is independent of the initiation and outcome of any criminal proceedings initiated in cases where the violation constitutes a relevant crime pursuant to Legislative Decree 231/2001. The sanctions that can be imposed are diversified according to the nature of the relationship between the offender and the Company, as well as the importance and seriousness of the violation committed and the role and responsibility of the perpetrator.

In general, violations can be traced back to the following behaviors and classified as follows:

a) conduct that constitutes a culpable failure to implement the provisions of the Model, including company directives, procedures or instructions;

b) conduct that constitutes a malicious transgression of the provisions of the Model, such as to compromise the relationship of trust between the perpetrator and the Company as it is unequivocally preordained to commit a crime.

The sanctions must be graduated according to the seriousness of the relevant conduct, taking into account the following criteria:

- the intensity of the voluntariness (intentional) nature of the conduct or the degree of negligence, imprudence or inexperience, evidenced by the negligent conduct;
- the greater or lesser divergence with respect to the dutiful conduct;
- the subject's previous conduct, with particular regard to the existence or otherwise of previous disciplinary measures;
- the extent of the danger and/or consequences caused by the violation;
- the position and tasks performed by the subject;
- the circumstances, reasons, time, place and context in which the violation was committed;
- the possible commission of several violations, through the same conduct; or the repetition of the same violation;
- the behavior subsequent to the fact.

The sanctioning procedure is in any case referred to the Management/Function and/or the competent corporate bodies.

In addition, pursuant to the provisions of the Whistleblowing Decree, the sanctioning system also applies to:

- of those who are responsible for any act of retaliation or in any case of unlawful prejudice, direct or indirect, against the whistleblower and other protected persons, for reasons connected, directly or indirectly, to the report;
- of those who have violated the obligation of confidentiality of the identity of the whistleblower, the facilitator, the person involved or in any case of the subjects mentioned in the report, as well as the content of the report and the related attached documentation;
- those who have hindered or attempted to obstruct reporting;
- of the reported, for the responsibilities ascertained;
- of those who have made an unfounded report with intent or gross negligence.

If the disciplinary procedure is triggered following a report, the identity of the whistleblower cannot be revealed to the offender, if the challenge to the disciplinary charge is based on separate and additional findings with respect to the report, even if consequent to the same.

If the complaint is based, in whole or in part, on the report and knowledge of the identity of the whistleblower is essential for the defense of the accused, the report will be usable for the purposes of the proceedings only if the whistleblower gives his consent to the disclosure of his identity.

In the latter case, in addition to requesting the consent of the whistleblower, the Whistleblowing Committee will communicate in writing the reasons why the disclosure of his identity is necessary.

- ***Penalties for employees***

In relation to employees, the Company must comply with the limits set out in Article 7 of Law 300/1970 (Workers' Statute) and the provisions contained in the *National Collective Bargaining Agreement for Chemical and Pharmaceutical Employment* (hereinafter referred to as the "**applicable National Collective Bargaining** Agreement"), both with regard to the sanctions that can be imposed and the methods of exercising disciplinary power.

Failure by employees to comply with the provisions of the Model, and all the documentation that forms part of it, constitutes a breach of the obligations arising from the employment relationship *pursuant to* Article 2104 of the Civil Code and a disciplinary offence.

More specifically, the adoption, by an employee of the Company, of conduct that can be qualified as a disciplinary offence, also constitutes a violation of the employee's obligation to perform the tasks entrusted to him with the utmost diligence, in compliance with the Company's directives, as provided for by the **applicable CCNL** in force.

On the basis of the applicable CCNL, the following penalties may be imposed on employees:

i) verbal warning;

ii) written warning;

iii) fine up to 4 hours of normal pay;

iv) suspension from work for up to 8 days;

v) Dismissal for shortcomings.

In order to highlight the criteria for correlation between violations and disciplinary measures, it should be noted that:

i) An employee who:

- violates, through mere negligence, company procedures, the provisions of the Code of Ethics or adopts, in the performance of sensitive activities, conduct that does not comply with the requirements contained in the Model, if the violation has no external relevance;

ii) An employee who:

- is a repeat offender, within a two-year period, in the commission of offences for which a verbal reprimand is applicable;
- violates, through mere negligence, company procedures, the provisions of the Code of Ethics or adopts, in carrying out activities in areas at risk, conduct that does not comply with the requirements contained in the Model, if the violation has external relevance;

iii) **An** employee who:

- is a repeat offender, within a two-year period, in the commission of offences for which the reprimand imposed in writing is applicable;
- due to the hierarchical or technical level of responsibility, or in the presence of aggravating circumstances, undermines the effectiveness of the Model with conduct such as:
    - repeated and/or unjustified failure to comply with the obligation to inform the Supervisory Body, where the absence of flows does not allow the SB to carry out the activity conferred by Legislative Decree 231/2001 and the Model;
    - repeated failure to comply with the requirements set out in the Model, in the event that they concern the management of activities relating to product quality and the research and development of new products or processes;
    - makes false or unfounded reports with gross negligence;

iv) **An** employee who:

- is a repeat offender, within a two-year period, in the commission of infringements for which a fine of up to a maximum of 4 hours of pay is applicable;
- violates the provisions concerning the powers of signature and the system of delegations attributed with regard to acts and documents addressed to the Public Administration;
- makes false or unfounded reports with intent;
- obstructed or attempted to obstruct a report;
- violates the measures adopted by the Company aimed at ensuring the protection of the identity of the whistleblower, facilitator, person involved or in any case of the persons mentioned in the report, as well as the confidentiality of the content of the report and the related attached documentation;

v) An employee who:

- violates the internal control system by stealing, destroying or altering documentation or by preventing control or access to information and documentation to the bodies in charge in such a way as to prevent its transparency and verifiability;

- fraudulently evades the requirements of the Model through conduct unequivocally aimed at committing one of the offences included among those provided for in Legislative Decree 231/2001;
- fraudulently makes false or unfounded reports concerning violations of the Model or the Code of Ethics;
- violates the measures adopted by the Company aimed at ensuring the protection of the identity of the whistleblower so as to generate retaliatory attitudes or any other form of discrimination or penalization against the whistleblower;

- implements retaliatory attitudes or any other form of discrimination or penalization against the whistleblower.

The Company may not adopt any disciplinary measure against the employee without compliance with the procedures provided for in **the CCNL applicable** to individual cases.

The principles of correlation and proportionality between the violation committed and the sanction imposed are guaranteed by compliance with the following criteria:

- seriousness of the violation committed;
- the employee's task, role, responsibility and autonomy;
- predictability of the event;
- intentionality of conduct or degree of negligence, recklessness or inexperience;
- overall conduct of the offender, also with regard to the existence or absence of disciplinary precedents within the terms provided for by the **applicable CCNL**;
- other particular circumstances that characterize the violation.

The existence of a sanctioning system related to non-compliance with the provisions contained in the Model and in the documentation that forms part of it, must necessarily be brought to the attention of the employees through the means deemed most suitable by the Company.

- ***Penalties for employees with the status of managers***

Failure by managers to comply with the provisions of the Model, and all the documentation that forms part of it, including the violation of the obligations to inform the Supervisory Body and to control the conduct of their employees, results in the application of the sanctions referred to in the relevant collective bargaining agreement, in compliance with art. 2106, 2118 and 2119 of the Civil Code, as well as art. 7 of Law 300/1970.

The ascertainment of any violations, as well as inadequate supervision and failure to promptly inform the Supervisory Body, may result in the termination of the employment relationship for workers with managerial qualifications.

With regard to the management of reports, the Manager may be sanctioned with the **termination of the employment relationship**, when:

- makes false or unfounded reports regarding violations of the Model or the Code of Ethics with intent or gross negligence;
- obstructs or attempted to obstruct a report;
- violates the measures adopted by the Company aimed at ensuring the protection of the identity of the whistleblower, facilitator, person involved or in any case of the persons mentioned in the report, as well as the confidentiality of the content of the report and the related attached documentation;
- - implements retaliatory attitudes or any other form of discrimination or penalization against the whistleblower.

- ***Sanctions for collaborators subject to management or supervision and for third parties who have contractual/commercial relationships***

Failure by collaborators subject to the direction or supervision of the Company's top management or third parties who have commercial/contractual relations with Pettenon to comply with the provisions of the Model, and all the documentation that forms part of it, including the violation of the information obligations towards the Supervisory Body, determines, in

accordance with the provisions of the specific contractual relationship, the termination of the relevant contract, without prejudice to the Company's right to claim compensation for damages suffered as a result of such conduct, including damage caused by the application of the sanctioning measures provided for by Legislative Decree 231/2001.

These sanctions may also be provided for in the event of violation of the protections provided for by the Whistleblowing Decree, or in the event that the third party has:

- made false or unfounded reports with intent or gross negligence;
- obstructed or attempted to obstruct a report;
- violated the measures adopted by the Company aimed at ensuring the protection of the identity of the whistleblower, facilitator, person involved or in any case of the persons mentioned in the report, as well as the confidentiality of the content of the report and the related attached documentation;
- retaliatory attitudes or any other form of discrimination or penalization against the whistleblower.

- ***Measures against Directors***

In the event of an ascertained violation of the provisions of the Model, including those of the documentation forming part of it, by one or more Directors, the Supervisory Body shall promptly inform the entire Board of Directors, so that it may take or promote the most appropriate and appropriate initiatives, in relation to the seriousness of the violation detected and in accordance with the powers provided for by current legislation and the Articles of Association.

In particular, in the event of a violation of the provisions of the Model, including those of the documentation forming part of it, by one or more Directors, the Board of Directors may proceed directly, depending on the extent and seriousness of the violation committed, to the imposition of the sanctioning measure of the formal written warning or the revocation, even partial, of the delegated powers and powers of attorney conferred.

In the event of proven violation of the Model or any of the documents forming part of it, by the entire Board of Directors, the Supervisory Body shall immediately inform the Shareholders' Meeting, so that it can adopt or recommend the most appropriate measures.

The Supervisory Body will also be informed in the event that the Directors or the entire Board of Directors have violated the protections provided for by the Whistleblowing Decree, or in the event that they have:

- made false or unfounded reports with intent or gross negligence;
- obstructed or attempted to obstruct a report;
- violated the measures adopted by the Company aimed at ensuring the protection of the identity of the whistleblower, facilitator, person involved or in any case of the persons mentioned in the report, as well as the confidentiality of the content of the report and the related attached documentation;
- retaliatory attitudes or any other form of discrimination or penalization against the whistleblower.

In any case, the Company reserves the right to retaliate against the author of the impugned conduct for any damage, including reputation, and/or liability that may derive from conduct in violation of this Model.

In any case, the Board of Directors will always keep the Supervisory Body informed of the sanctions imposed and/or violations ascertained.

- ***Measures against the Mayors and the Supervisory Body***

In the event of a violation of the Model, and of all the documentation forming part of it, by a member of the Board of Statutory Auditors, the Supervisory Body must immediately notify the Board of Directors by means of a written report. The Board of Directors shall arrange for the hearing of the interested party or interested parties, inviting the SB to participate as well. During the hearing, any defensive deductions are acquired, followed by any verification deemed appropriate. The Board of Directors, in the event of serious violations, may propose to the Shareholders' Meeting the revocation of the member(s) of the Board of Statutory Auditors.

- Statutory auditors are subject to the sanctioning consequences indicated above even in the event of violation of the protections provided for by the Whistleblowing Decree, or in the event that they have:
- made false or unfounded reports with intent or gross negligence;

- obstructed or attempted to obstruct a report;
- violated the measures adopted by the Company aimed at ensuring the protection of the identity of the whistleblower, facilitator, person involved or in any case of the persons mentioned in the report, as well as the confidentiality of the content of the report and the related attached documentation;
- retaliatory attitudes or any other form of discrimination or penalization against the whistleblower.

If the Board of Directors is informed of violations of the Model, and of all the documentation that forms part of it, by one or more members of the SB, the said Board of Directors will take the initiatives deemed most appropriate in collaboration with the Board of Statutory Auditors in accordance with the seriousness of the violation and in accordance with the powers provided for by law and/or by the Articles of Association. In particular, if the violation is committed by a member who is also an employee of the Company, the relevant disciplinary sanctions will be applied.

These consequences will also be envisaged in the event of violation of the protections provided for by the Whistleblowing Decree, or in the event that one or more members of the SB have:

- made false or unfounded reports with intent or gross negligence;
- obstructed or attempted to obstruct a report;
- violated the measures adopted by the Company aimed at ensuring the protection of the identity of the whistleblower, facilitator, person involved or in any case of the persons mentioned in the report, as well as the confidentiality of the content of the report and the related attached documentation;
- retaliatory attitudes or any other form of discrimination or penalization against the whistleblower.

4 *DISSEMINATION OF THE MODEL AND TRAINING*

Pettenon, aware of the importance that information and training aspects assume from a prevention perspective, has defined communication and training programs aimed at ensuring the dissemination to the Recipients of the main contents of the Decree, the Whistleblowing Decree and the obligations deriving from it, as well as the provisions of the Model and the whistleblowing procedure.

Information and training activities for staff are organised with different levels of in-depth analysis due to the different degree of involvement of staff in activities at risk of crime and in relation to their respective duties and responsibilities.

With regard to the dissemination of the Model, the Code of Ethics and the whistleblowing procedure in the corporate context, the Legal Corporate Affairs & Compliance Department:

- sends a communication to all personnel concerning the adoption/updating of this Model and the Code of Ethics and the appointment of the Supervisory Body;
- sends a communication to all staff concerning the implementation, in accordance with the Whistleblowing Decree, of the internal reporting channel and the appointment of the Whistleblowing Committee;
- ensures that the Model, the Code of Ethics and the whistleblowing procedure are published on the company *intranet* and/or on any other communication tool deemed appropriate;
- organizes training activities aimed at disseminating knowledge of Legislative Decree 231/2001, the Whistleblowing Decree and the provisions of the Model, the Code of Ethics and the whistleblowing procedure, as well as plans training sessions for staff, including on the occasion of updates and/or amendments to the Model, in the ways deemed most appropriate.

Pettenon provides continuous and mandatory training to all employees, including new hires, not only in areas strictly related to the so-called "231 compliance" but also with regard to topics and issues related to the prevention objectives of the Decree, such as, by way of example, those concerning health and safety in the workplace, product quality and environmental protection.

The documentation relating to information and training activities is kept by the *HR & Organization Department*, available for consultation by the Supervisory Body and by anyone authorised to view it.

5 *ADOPTION AND UPDATING OF THE MODEL*

The adoption of the Model is the responsibility of Pettenon's Board of Directors.

Subsequent substantial amendments and/or additions to this Model are therefore subject to the competence of the Company's Board of Directors through a resolution issued in accordance with the procedures provided for the adoption of the Model itself.

These amendments include those resulting from:

- significant violations of the Model's provisions;
- identification of new risk areas/sensitive activities and processes instrumental/functional to the commission of the crime, related to the performance of new activities by the Company or to changes in those previously identified;
- changes in the organisational structure that have consequences on the Model;
- changes to the internal reporting system and the legal provisions issued in this regard;
- identification of possible areas for improvement of the Model identified by the Supervisory Body following periodic verification activities.

In any case, substantial changes are those that affect the composition, term of office and operation of the Supervisory Body, as well as the rules of the sanctioning system.

Amendments and/or additions of a purely formal nature, concerning, by way of example, the list of offences referred to in Annex 1, are left to the independent activity of the Company's Legal Corporate Affairs & Compliance Department.

The Supervisory Body, within the scope of the powers conferred pursuant to art. 6, paragraph 1, letter b) and art. 7, paragraph 4, letter a) of the Decree, is responsible for submitting to the Board of Directors proposals for updating and adapting this Model.

The operating procedures adopted in implementation of this Model shall be modified by the competent corporate functions, if they are ineffective for the purposes of the correct implementation of the provisions of the Model. The competent corporate functions shall modify or supplement the procedures in order to make any revision of this Model effective.

The Supervisory Body is kept informed of the updating of existing procedures and the implementation of new ones.