



**Organisation, Management and Control Model**  
**pursuant to Legislative Decree 231/2001**  
**General Part**

# ORGANISATION, MANAGEMENT AND CONTROL MODEL

G E N E R A L P A R T

## LIST OF REVISIONS

REV.	DATE	NATURE OF THE CHANGES	APPROVAL
00	2019	Introduction	Sole Director
01	2022	Revision	Sole Director
02	2023	Revision	Board of Directors

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## Terms and definitions

**CCNL:** National Collective Labour Agreements and Supplementary Corporate Contracts

**BoD:** Board of Directors

**Recipients:** everyone who is required to know and comply with the Organisation and Control Model

**Leg. Decree 231/2001 or Decree:** Leg. Decree 231 dated 8 June 2001 "Regulation of the administrative liability of legal persons, companies and associations, even without legal personality, pursuant to article 11 of Law 300 dated 29 September 2000" and subsequent amendments and additions

**Employees:** subjects who carry out work for the benefit of the Company, employed by and under the direction of the Company with a permanent or fixed-term contract. Workers with autonomous collaboration contracts, project contracts, temporary workers and interns are considered employees with regards to the compliance of the rules established by Leg. Decree 231/01

**Suppliers:** subjects that provide goods and/or services to the Company based on agreements and/or contracts

**Guidelines:** documents issued by trade associations or authoritative public bodies on the subject of Leg. Decree 231/2001

**Model:** Organisation, Management and Control Model according to the requirements of Leg. Decree 231/2001

**SB:** Supervisory Board. The internal control board responsible for supervising the functioning and observance of the Model, as well as for its updating

**Corporate Bodies:** the corporate bodies provided for in the articles of association

**Risk assessment:** structured risk assessment methodology and related controls

**Disciplinary System:** a document that is part of the Organisation Model that governs the sanctions applicable to the recipients of the Model for failure to comply with the provisions set forth therein

**Senior Executives:** subjects who perform representative, administrative or managerial functions for the Company, one of its organisational units with financial and functional autonomy, as well as people who also exercise de facto management and control of the same

**Subordinate subjects:** people subjected to the management or supervision of a senior executive

**Stakeholder:** subjects with an interest in the Company, whether internal or external to the company

**Internal control system:** a set of protocols and actions adopted by the Company in order to prevent risks

### INTRODUCTION

This document is the General Part of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (hereinafter the "Model") adopted by Zato Srl (hereinafter the "Company").

The organisation, management and control model adopted by Zato aims to create a structured and organic system of controls aimed at preventing the crimes referred to in Leg. Decree 231/2001.

The following are "Recipients" of this Model and, as such, are required, within their respective responsibilities and competences, to know and observe it:

- members of the corporate bodies (shareholders, directors);
- members of the Supervisory Board;
- employees;
- collaborators;
- suppliers and external consultants
- anyone else who establishes collaborative relationships with the Company in any capacity.

Therefore, the subjects to whom the Model is addressed are required to comply promptly with all the provisions, also in fulfilment of the duties of loyalty, correctness and diligence arising from the juridical labour relations established with Zato Srl.

The Company monitors compliance with the provisions contained in the Model, ensuring the transparency of the corrective actions implemented if it is violated. Zato Srl undertakes to disseminate the contents of the Model and subsequent updates within and external to its organisation in a complete, accurate, and continuous manner.

Under the provisions expressly laid down in Leg. Decree 231/2001 (Article 6, third paragraph), the Models can be adopted on the basis of codes of conduct or guidelines drawn up by representative and trade associations, and communicated to the Ministry of Justice.

This Model has been prepared according to the latest revised version of the Confindustria Guidelines, approved by the Ministry of Justice.

## 1. LEGISLATIVE DECREE 231/2001

### 1.1 The administrative liability of legal persons

Legislative Decree 231/2001 "Regulation of the administrative liability of legal persons, companies and associations, even without legal status" issued in execution of the authority granted under article 11 of law 300 of 29 September 2000, introduced the concept of autonomous criminal liability of legal persons into the Italian regulatory system, adapting the internal regulations to some international conventions to which Italy had already adhered for some time.

The Decree introduced in Italy, for the first time, the direct liability of legal persons (companies, associations, institutions, etc.) for certain crimes committed in the **interest or to the advantage** of the same by:

- subjects who perform representative, administrative or managerial functions for the Company or one of its organisational units with financial and functional autonomy as well as people who also exercise de facto management and control of the same (so-called **senior executives**);
- persons subject to the management or supervision of one of the aforementioned subjects (so-called **subordinate subjects**).

This liability, defined as administrative by the Legislator, has the nature of criminal liability for the companies, is supported by and does not replace the responsibility of the natural person who committed the crime. The administrative liability of the company is excluded if the perpetrator committed the act in its own interest or that of third parties.

The administrative liability introduced by Decree aims primarily to affect the assets of the companies that have benefited from the commission of certain crimes. Therefore, in all cases, a fine is applied to a variable extent depending on the severity of the offence and the institution's capital capacity. For the most serious cases, disqualification measures are also envisaged such as the suspension or revocation of licenses and concessions, the prohibition to contract with the Public Administration, disqualification from exercising the activity, the suspension or revocation of loans and contributions, the prohibition on advertising goods and services.

Regardless, Articles 6 and 7 of the Decree provide for a form of exemption from liability if the company can demonstrate that it has adopted and effectively implemented **Organisation, Management and Control Models** capable of preventing the crimes considered. Moreover, the system provides for the establishment of control board internal to the company (**Supervisory Board**) with the task of overseeing the functioning and observance of the models, as well as updating them.

The Models must meet the following requirements:

- identify the processes and activities in which crimes may be committed;
- provide specific "protocols" and procedures to prevent the commission of crimes;

- identify methods for managing financial resources suitable for preventing the commission of crimes;
- impose information obligations on the Board charged with overseeing the functioning and observance of the Model (SB);
- introduce a disciplinary system suitable to sanction the failure to comply with the measures indicated in the Model.

### 1.2 "Alleged" offences

The company's liability does not stem from the commission of all types of crimes envisaged by the criminal code or special laws by the subjects mentioned above, but it is limited to the offences specifically envisaged by Leg. Decree 231/2001. The cases envisaged by Leg. Decree 231/2001, organised by category, are as follows:

Categories
[Article 24] Misappropriation of payments, fraud against the State or public entity or for obtaining public funds and computer fraud against the State or a public board
[Article 24-bis] Computer crimes and unlawful data processing
[Article 24-ter] Organised crime provisions
[Article 25] Extortion, undue incitement to give or promise benefits and corruption
[Article 25-bis] Counterfeit currency, public credit cards, revenue stamps and distinctive signs or instruments
[Article 25-bis.1] Crimes against industry and commerce
[Article 25-ter] Corporate crimes
[Article 25-quater] Crimes for purposes of terrorism or subversion of the democratic order
[Article 25-quater.1] Female genital mutilation
[Article 25-quinquies] Crimes against individuals
[Article 25-sexties] Market abuse
[Article 25-septies] Manslaughter or serious or very serious injuries committed in violation of the rules on the protection of health and safety at work
[Article 25-octies] Handling, laundering and use of money, goods or utilities of illicit origin, as well as self-laundering
[Article 25 octies.1] Offences concerning non-cash payment instruments
[Article 25-novies] Offences concerning violations of copyrights
[Article 25-decies] Inducement not to make statements or to make false statements to judicial authorities
[Article 25-undecies] Environmental crimes
[Article 25-duodecies] The employment of illegally staying third-country nationals
[Article 25-terdecies] Racism and xenophobia
[Article 25-quaterdecies] Fraud in sports competitions, illegal gaming or betting and gambling using prohibited equipment
[Article 25-quinquiesdecies] Tax offences
[Article 25-sexiesdecies] Contraband
[Article 25-septiesdecies] Offences against cultural heritage
[Article 25-duodevicies] Laundering of cultural assets and devastation and looting of cultural and landscape assets

**Categories**

[Law 146/2006] Transnational crimes

The complete list of the individual offences and penalties is attached to the Model.

**1.3 Penalties**

The Decree identifies a detailed series of penalties arising from the administrative liability depending on the crime. In short:

- A. **fines** (from Articles 10 to 12 of Leg. Decree 231/2001): whose proportion is determined by the number and value of the shares, taking into account the seriousness of the fact, the company's degree of liability, and the activity carried out to counter or mitigate the consequences of the fact or to prevent the commission of further offences. The amount of the fee is determined based on the company's economic and asset conditions to ensure the effectiveness of the penalty;
- B. **restrictive orders** (from Articles 13 to 17 of Leg. Decree 231/2001):
  - a) disqualification from the activity;
  - b) suspension or revocation of authorisations, licenses or concessions functional to the commission of the crime;
  - c) prohibition to contract with the Public Administration, except to obtain the services of a public service;
  - d) exclusion from benefits, loans, contributions or subsidies and possible revocation of those granted;
  - e) ban on advertising goods or services.
- C. **seizure of the price or profit of the crime** (Article 19 Leg. Decree 231/2001);
- D. **publication of the judgement** (Article 18 Leg. Decree 231/2001).

It should be noted that the ascertainment of the company's liability, as well as the *an et quantum* (if and quantity) determination of the penalty are attributed to the Criminal judge competent to judge in the proceedings against the natural person in relation to the crimes on which the administrative liability depends.

**1.4 Criteria for attributing administrative liability to an Entity**

The conditions of the company's liability are divided into objective and subjective criteria.

**A) Objective criteria (Article 5 of Leg. Decree 231/01)**

- commission of one of the offences provided for by senior executives or subordinate subjects;
- commission of the crime (all in part) in the **interest or to the advantage** of the company.

**B) Subjective criteria (Article 6 of Leg. Decree 231/01)**

The offence must constitute an expression of company policy, or at the very least derive from a “**fault in organisation**”. It follows that, if the company is not responsible for any "fault", it is not subject to the penalties provided for by Leg. Decree 231/2001.

Legislation provides that the “**organisational fault**”, and consequently the company's liability is excluded if, before the commission of the crime, the company adopted and effectively implemented appropriate organisational models to prevent crimes similar to those that occurred.

In this respect, there are two types of cases:

**1.** Offences committed by “**senior executives**”, for which Leg. Decree 231/01 introduces a sort of related presumption of the company's liability since it provides for the exclusion of its liability if it can prove that:

- «before the commission of the offence, management has adopted and effectively implemented organisation and management models suitable to prevent crimes similar to those that occurred»;
- «the task of supervising the operation and observance of the Models and their updating has been entrusted to a Company Board that has autonomous powers of initiative and control»;
- «the persons committed the crime by fraudulently circumventing the organisational and management models»;
- «supervision by the Board with autonomous power of initiative and control was not omitted or insufficient».

The conditions listed above must jointly contribute to exclude liability.

**2.** If the offence was committed by a person in a “**subordinate position**” there is no presumption of liability on the part of the company. Therefore, in order to hold this person liable, during the trial, the accused person must provide proof that the offence was made possible from the failure to comply with management or supervisory obligations.

In this case, Leg. Decree 231/01 establishes that liability is related to the non-compliance with management and supervisory duties, which are usually performed by senior executives (or people appointed by the same).

Failure to comply with management or supervisory obligations does not apply «if, before the offence is committed, the Company has adopted and effectively implemented an Organisation, Management and Control Model suitable to prevent crimes similar to those that occurred».

**1.5 Exclusion of the company's liability: the adoption and effective implementation of the Model**

In the presence of crimes committed by senior or subordinate subjects, carried out in the interest or for the benefit of the company to which these subjects are functionally connected, Articles 6 and 7 of the Decree state that the company's liability does not exist if, before the offence is

committed, it has adopted and effectively implemented Organisational models suitable to prevent crimes similar to those that occurred.

Without prejudice to the adoption of the Model, the legislation in question also provides that:

- the company has appointed an internal control board (Supervisory Board) with autonomous powers of initiative and control, with the task of supervising the operation, effectiveness and observance of the Models as well as updating it;
- the Control Board is not guilty of failure to supervise or insufficient supervision of the implementation and observance of the Model;
- the perpetrator acted by fraudulently circumventing the Model;

Leg. Decree 231/2001 does not analytically regulate the nature and characteristics of the Organisation Model, it is limited to dictating some general principles based on the different subjects that could commit a crime.

The purpose of the Model is to implement a prevention system that can only be intentionally circumvented, in line with the concept of fraudulent avoidance provided for by Article 6 of the Decree.

The Model is not intended as a static tool, on the contrary, it must be considered a dynamic apparatus that allows the company to eliminate any deficiencies that, at the time of its adoption, could not be identified, through a correct and targeted implementation of the same over time.

### 1.6 Confindustria Guidelines

The Confindustria (*the main association representing manufacturing and service companies in Italy*) has issued and regularly updates guidelines for creating organisational models which serve as a practical tool for companies. They provide methodological guidance on how to prepare an organisational model suitable for preventing the commission of the offences listed in the Decree, and therefore exempting the Company from liability and the related penalties.

The most recent update of the Guidelines was issued in June 2021.

The new version underlines the importance of adopting an integrated approach to risk management, with all-round compliance.

An analysis of the document clearly shows the need for an integrated compliance system, which could allow the rationalisation of processes and activities in terms of economic, human and technological resources, the streamlining of compliance activities, as well as the optimisation of information flows and relations between the various parties involved in different control activities (e.g. the Privacy Officer, the Safety Officer, the Board of Statutory Auditors, the Supervisory Board), and in the risk management of the individual organisation, also by carrying out joint risk assessments.

The new Guidelines emphasise that the Model should not be seen as a mere regulatory compliance but instead "live in the company, reflect the characteristics of its organisation, evolve and change with it".

Lastly, it emphasizes the importance of the information flow between the Supervisory Board and the Board of Statutory Auditors, as sharing information and effective collaboration is imperative, whilst respecting the roles, between the Supervisory Board and the various control bodies, including operational management, since this is the ultimate owner of the company processes and first-level controls.

## **2. THE MANAGEMENT, ORGANISATION, AND CONTROL MODEL ADOPTED BY ZATO SRL**

### **2.1 Company Profile and background**

Zato is a company specialised in the production of equipment and plants for the recovery of ferrous and non-ferrous scrap and metal shredding machines, and in the design and manufacture of custom machines to fully meet the individual requirements of operators in the sector.

The Company was founded in 1998 thanks to the synergy of people with years of experience in the ferrous materials recovery field and considerable know-how in the construction of machinery for the recovery of such materials.

The first steps taken in the sector allowed Zato to establish itself both on the Italian and international markets. From the beginning, the propensity for expansion abroad and the marketing of machinery in countries other than Italy prompted Zato to expand its offering of equipment and machinery for processing ferrous materials for greater specialisation.

More than 30 skilled workers and experts who follow the customer from the planning of the system now work in the Prevalle facility, the production centre and centre for the design of each machine.

Zato's commitment continues even after the sale and installation of the system. The company's customer service philosophy also includes offering technical assistance and ensuring efficient technical support able to provide the tools and technologies required to promptly service machinery after a malfunction.

Its customers include the following categories: scrap dealers, steel mills, industrial demolishers, car wreckers, foundries, car manufacturers, nuclear power plants, and ship wreckers.

### **2.2 Objectives and purposes of the Model**

By adopting the Model, the Company has the objective of adopting a set of conduct principles and procedures that supplement the internal organisational and control instruments that comply with the purposes and provisions of the Decree.

In particular, by identifying the activities exposed to the risk of offences being committed, the Organisation, Management and Control Model aims to:

- further promote and enhance an ethical culture within the company, with a view to fairness and transparency in the conduct of business;
- make all those who work for and on behalf of the Company that pose a potential risk aware that violations of the provisions contained in the Model could result in criminal and administrative penalties for him or herself and the Company;
- emphasise that these forms of unlawful conduct are systematically condemned by the Company, since they are contrary to the ethical and social principles to which it abides, as well as to legal provisions;

- inform all stakeholders that the violation of the provisions of the Model will result in the application of penalties, or rather the termination of the contractual relationship;
- introduce a mechanism that allows for the establishment of a permanent analysis of company activities, aimed at identifying the areas in which the crimes indicated by the Decree can be abstractly configured;
- introduce principles of control to which the organisational system must conform so as to prevent the risk of committing the offences indicated by the Decree in the specific activities resulting from the analysis of sensitive areas;
- establish a Supervisory Board with the task of supervising the correct functioning and observance of the Model and ensuring that it is updated.

### 2.3 Model Structure

The Model consists of **The General Part**, **The Special Part** and attached documents.

The **General Part** includes:

- the regulatory framework of reference;
- the purposes, structure and elements of the adopted Model;
- the requirements, functions and powers of the Supervisory Board;
- information and training of personnel on the adopted Model.

The **Special Part** of the Model is broken down into sections, each section refers to an offence category that, during the analysis phase, was considered to have an impact on the activity carried out by the Company.

Each section of the **Special Part** contains:

- the offences listed in Leg. Decree 231/01 and the conduct that the Company has decided to take into consideration base on the characteristics of its activities;
- the sensitive processes/activities and the related controls.

The Attachments to the Model are:

- Annex No. 1 Code of Ethics;
- Annex No. 2 Disciplinary System;
- Annex No. 3 Risk analysis;
- Annex No. 4 List of Crimes contained in Leg. Decree 231/2001;
- Annex No. 5 Governance;
- Annex No. 6 Information flows to the SB;

### 2.4 Approval, modification and implementation of the Model

The Model is approved and adopted by resolution of the Board of Directors. The Board of Directors has the duty, also on the basis of the indications provided by the Supervisory Board, to update or supplement the Model, following:

- regulatory updates;
- significant changes in the company's organisation;
- changes in processes and business activities or business areas;

- occurrence of extraordinary events (serious violations, disputes, sanctions, etc.).

Any amendments or additions to the Model and Model documents, also on the proposal of the Supervisory Board, are the sole responsibility of the Board of Directors, which is also responsible for formulating:

- a budget suitable for the Supervisory Board for the proper performance of its tasks.

Proposals for the integration or substantial modification of operating procedures that constitute controls for sensitive activities must be communicated to the Supervisory Board.

## 2.5 Elements of the Model

This Model is based on the following elements, which are integrated with one another:

1. Code of Ethics;
2. Organisational Structure;
3. Authorising and signatory powers;
4. Control (governance) actors;
5. Mapping of risk areas and controls;
6. Disciplinary System;
7. Training and information on the Model and Decree.

### ***Code of Ethics***

Zato Srl has adopted its own Code of Ethics which is an integral part of the Model, in order to ensure compliance with certain shared ethical values and specific rules of conduct with the aim of preventing the crimes provided for by Leg. Decree 231/2001.

The recipients of the Code of Ethics are the shareholders, the employees but also the directors, the statutory auditors, the consultants, the suppliers and in general all the subjects that carry out activities on behalf of the Company.

Therefore, the Code of Ethics is also applicable to third parties against whom compliance with the principles contained in the Code of Ethics is implemented through contractual agreements.

### ***Organisational Structure***

The Company's organisational structure is formalised in the company organization chart and in the job descriptions that identify the roles and responsibilities of each corporate function. The organisation chart and job descriptions are referred to in the Model, for the purpose of representing the organisational structure adopted by the Company (see Annex\_5\_Governance).

### ***Authorising and signatory powers***

The managing director is granted powers for the management of the company. (see Annex\_5\_Governance)

## ***The control actors***

The Company adopts a traditional corporate governance with the presence of:

- The Shareholders' meeting;
- Board of Directors;
- Managing director;
- Board of Statutory Auditors and Independent Auditor.

There is also a Supervisory Board with the task of ensuring timely and efficient supervision of the functioning and observance of the Organisational Model adopted by the Company in compliance with the provisions of Leg. Decree 231/2001.

## ***Mapping of sensitive processes and activities***

The mapping of sensitive processes and activities (Annex\_3\_Risk Analysis) is the prerequisite of the Model adopted by Zato Srl.

The document, drafted according to the Confindustria Guidelines, identifies the processes and activities in which the risk of committing the crimes may occur and also gives details of all the components of the internal control system.

For this purpose, the Company has defined an analysis method based on consolidated risk assessment techniques, and a framework of controls referred to in the Risk Analysis Attachment.

The elements that make up this framework are:

- **regulations;**
- **traceability;**
- **organisation;**
- **segregation of duties;**
- **authorisation and signatory powers;**

## ***Disciplinary System***

The actual implementation of the Model is guaranteed by an adequate Disciplinary System that sanctions the failure to comply with the rules contained in the Model and all of its elements.

Zato Srl has adopted a Disciplinary System (Annex\_2) that describes the possible violations of the Model and the related sanctions, as well as the application and imposition of penalties for the categories of recipients highlighted. The Disciplinary System is autonomous and is not a substitute for the legislation that governs labour relations such as the Workers' Statute and the applied Corporate and National Labour Agreement.

## ***Training and information activities***

In order to effectively implement the Model, the Company promotes the training and information activities on the Model.

The Managing Director, in collaboration with the Supervisory Board, promotes the creation of a specific communication and training plan structured by type of recipient, with the aim of ensuring the dissemination of the contents of the Model and of the Decree.

The Model is communicated to the Supervisory Board which receives an authorised copy.

The Model is also communicated to employees by:

- Delivering an extract of the documentation to employees and new hires (Code of Ethics, Disciplinary System, General Part);
- information meetings on the purposes and contents of the Model (expressly provided for the senior executives or area managers);
- Displaying the Code of Ethics and the Disciplinary System on the company notice board.

The communication plan must be developed with the aim of giving widespread, clear and complete communication, providing for periodic updates following changes or additions to the Model or regulatory changes.

Zato also promotes full disclosure of the Model also externally to third parties by publishing the Code of Ethics and the General Part of the Model on the company website.

To ensure effective knowledge of the Model and its constituent elements at all levels, the Managing Director, in collaboration with the SB, annually plans and implements training sessions for personnel and external collaborators.

The training plan plans to carry out two different training methods:

- general training for all levels of the organisation;
- specific training addressed to senior executives or staff in the context of activities at risk of offences.

General training must provide basic knowledge relating to Legislative Decree 231/01, the contents and purposes of the Model and the duties and powers of the SB. Specific training, on the other hand, must provide knowledge and awareness of the risks associated with company activities, the controls to be activated and risk assessment techniques, so as to provide concrete elements for identifying any anomalies or non-conformities.

The requirements that the Company's training plan must meet are the following:

- participation in training courses is mandatory;
- the trainer must be a competent person;
- attendance must be functional to the corporate activities;
- the training activity must be recorded and verified.

The training plan, as required by the reference guidelines, is provided in the presence and/or with the support of e-learning platforms.

### 3. SUPERVISORY BOARD

#### 3.1 Requirements of the Supervisory Board

Leg. Decree 231/2001, paragraph 1 provides for the establishment of a board within the company as one of the indispensable elements for the exemption of administrative liability of companies (**Supervisory Board**) equipped with autonomous powers of initiative and control with the task of supervising the operation of the Model and ensuring that it is updated.

In compliance with the Decree and the Confindustria Guidelines, the Supervisory Board must have the following requirements:

- **autonomy:** the SB must be given complete autonomy understood as free self-determination and action decision-making capacity. This autonomy must be exercised above all with respect to the senior executives, meaning that the Board must remain extraneous to any form of interference and pressure from the executives. The Supervisory Board establishes its own rules of conduct in a Regulation which it adopts;
- **independence:** the SB is a third-party body, hierarchically placed at the top of the command line, free from subordination with respect to the senior executives, and capable of adopting unquestionable measures and initiatives;
- **professionalism:** the requirement of professionalism takes on purely subjective connotations, which must be verified for each member, with a prior analysis of the curriculum vitae and the concrete work experiences of each of them. In particular, the Supervisory Board must be composed of individuals with specific knowledge regarding the law, control methodologies and activities, risk assessment and management, business organization, finance, auditing and management, etc. as well as specific capabilities in relation to inspection and consulting activities;
- **continuity of action:** the continuity of action must be understood in terms of the effectiveness of the supervisory and control activity and in terms of temporal constancy of the performance of the SB functions;
- **integrity:** given the role they are called to fill, the Supervisory Board members must necessarily present an ethical profile of unquestionable value.

#### 3.2 Appointment, composition and term of the Supervisory Board

The Supervisory Board is appointed by the board of directors at the time of adoption of the Model. The appointment resolution also determines the compensation. The number and qualification of the members of the SB are decided by the Board of Directors.

The appointment to the Supervisory Board must be communicated to each nominated member and be formally accepted by the same.

Subsequently, the Board of Directors shall communicate the appointment of the SB to all levels of the company highlighting the responsibilities, powers and supervisory duties.

### 3.3 Causes of ineligibility and incompatibility

The following are considered causes of ineligibility:

- the presence of one of the circumstances referred to in Article 2382 of the Italian Civil Code;
- a final conviction sentence for having committed one of the crimes sanctioned by Leg. Decree 231/2001.

The SB implicitly acknowledges the non-existence of said reasons of ineligibility with the acceptance of the appointment. The rules described above apply, even in the event of replacement of one of the members of the board.

If a conviction has been issued, pending the final judgement, the Board of Directors may order the suspension of the Supervisory Board powers.

### 3.4 Termination of office

The termination of office of a member of the SB (even limited to only one of its members) is the exclusive responsibility of the Board of Directors.

Members of the Supervisory Board cannot be dismissed without just cause.

Just cause for dismissal includes but is not limited to:

- the loss of the subjective requirements highlighted above;
- the occurrence of a reason of incompatibility highlighted above;
- gross negligence in the performance of the duties of the SB;
- failure to comply with the Model and the Code of Ethics adopted by the Company.

Each member of the SB can withdraw from the assignment at any time by providing its reason to the board of directors, with at least 30 days' notice.

### 3.5 Powers and Functions of the Supervisory Board

The main tasks assigned to the SB are:

- **supervision of the Model:**
  - verify the suitability of the Model to prevent the occurrence of unlawful conduct, as well as to highlight its possible occurrence;
  - verify the effectiveness of the Model, or the correspondence between concrete conduct and those formally provided for by the Model;
  - verify compliance with the principles of conduct and the procedures set forth in the Model and detect any deviations.
- **updating of the Model:**
  - take care of updating it and proposing, if needed, to the Board of Directors any amendments to it.

- **information and training on the Model and the Decree:**
  - promote and monitor initiatives aimed at encouraging dissemination, information and training on the Model towards all subjects required to comply with the relative provisions (Recipients);
- **provide clarifications on the Model** at the request of the corporate functions, the board of directors;
- **periodically report to the control bodies** regarding the state of implementation and operation of the Model.

**3.6 Reporting by the Supervisory Board to the corporate bodies and top management** The Supervisory Board must report the results of its activities to the Board of Directors at least on an annual basis through a written report.

The SB may be convened at any time by the senior managers, by the bodies mentioned above, or by the SB itself to report on the functioning of the Model or on specific situations concerning the implementation of the Model.

### 3.7 Information flows to the Supervisory Board

Information flows to and from the SB, also provided by Art. 6 of Leg. Decree 231/2001 which expressly refers to "reporting obligations", are one of the tools available to the SB to monitor the efficiency and effectiveness of the Model.

The information flows can be of various types:

- a) *per event*;
- b) *periodic*.

The **per event flows** are generated upon the occurrence of a specific event or situation to be reported to the SB.

The **periodic information flows** to which forwarding deadlines/frequencies are associated, they allow to monitor the evolution of the activity and the functioning of the controls.

The per event and periodic information flows are highlighted in Annex\_Information flows to the SB (Annex\_6).

The SB has the obligation not to disclose knowledge and information obtained in the exercise of its duties refraining from using the information for purposes other than those inherent to its office as a member of the Supervisory Board. All information obtained by the SB is processed in compliance with the current privacy legislation (Leg. Decree 196/2003 and subsequent amendments and European Regulation 679/2016).

### 3.8 Whistleblowing

Law 179/2017, containing "Provisions for the protection of the whistleblowers of perpetrators of offences or irregularities of which they became aware as part of a public or private employment relationship", introduced the concept of reporting in the private sector also modifying Article 6 of Leg. Decree 231/2001. Pursuant to the aforementioned law, the organisation, management and control models referred to in the Decree must provide for:

- a) one or more channels that allow to report unlawful conduct (relevant pursuant to Leg. Decree 231/2001 and based on factual and concordant elements) and/or violations of the Model that they have learned of in the functions performed to senior managers;
- b) at least one alternative reporting channel using computer instruments that are suitable to guarantee the confidentiality of the whistleblower;
- c) the prohibition of retaliatory or discriminatory acts (direct or indirect) against the whistleblower, for reasons related (directly or indirectly) to the report;
- d) within the Disciplinary System, penalties against those who violate the measures implemented to protect whistleblowers as well as those who carry out fraudulent or grossly negligent reports that prove to be unfounded.

In line with the reference best practices, the Company identifies the following operating modes:

- the reports must be sent to the Supervisory Board by the employees, regardless of the type of contract envisaged and the functional level covered, by the directors and members of the corporate bodies (internal stakeholders) through the channels specified below.

Reports must be detailed and may include, by way of example but not of limitation:

- any potential breach of the Code of Ethics and the Model or of internal regulations, procedures or other company provisions;
- actions or omissions, committed or attempted, that could harm employees who carry out activities for the Company;
- information relating to proceedings or investigations on crimes pursuant to Leg. Decree 231/01 and the findings of internal investigations which revealed violations of the Model;
- information of any origin, concerning the possible commission of crimes or in any case violations of the Model.

The report must contain the following elements:

- a clear and complete description of the facts;
- if known, the circumstances of time and place in which the facts were committed;
- the generalities that make it possible to identify the subject(s) who has/have implemented the reported facts;
- indications of any other subjects who may report on the events subject to reporting;
- any other information that may provide useful feedback or any documents that can confirm the existence of the reported facts.

The reports, to be taken into consideration, must be adequately detailed and based on factual elements that are precise and consistent.

In accordance with the provisions of Leg. Decree 231/01, the Company has established specific reporting channels that allow the possibility of submitting notices of illegal conduct pursuant to the above Decree or violations of the 231 Model.

The following are the whistleblowing channels prepared by the Company:

- e-mail: odv@zato.it;
- written note;
- by ordinary mail to the address: via Campi Grandi, 23, 25080 Prevalle BS, taking care to indicate the Supervisory Board as the addressee.

The channels indicated above are to be considered autonomous and independent of each other.

The Company ensures the confidentiality of the identity of the whistleblower. Whistleblowers are also protected against any form of discrimination, penalisation or retaliation for reasons related, directly or indirectly, to reporting. At the same time the protection of the reported person is guaranteed.

All reports are registered in order and recorded by the SB; this also applies to reports received in anonymous form. In this case the SB proceeds to preliminarily evaluate its validity, and relevance to their duties; only the circumstantial reports containing relevant facts with respect to the tasks of the SB and not made of generic and/or obviously defamatory content are taken into consideration.

The SB is responsible for carrying out the necessary checks in the shortest possible time and, if necessary, carrying out further checks.

Depending on the nature of the reports received, the SB assess the same using the Company's internal structures in order to examine in depth the facts subject to reporting. The SB can directly listen to the whistleblower or the subjects mentioned in it. Upon completion of the preliminary investigation it shall take the consequent decisions, giving reasons for them, archiving, where appropriate, the report or requesting the Company to proceed with the assessment of disciplinary and sanctioning measures regarding to what has been ascertained and/or the appropriate measures to be taken on the Model, in compliance with the provisions of the relevant Disciplinary System.

If the in-depth analyses highlight situations of serious violations of the Model and/or the Code of Ethics or if the SB has a well-founded suspicion of commission of a relevant crime pursuant to Leg. Decree 231/01, the same proceeds without delay to the communication of the report and its assessments to the Board of Directors.

The SB has the obligation not to disclose knowledge and information acquired in the exercise of its duties, ensuring the absolute confidentiality of the identity of the whistleblower and refraining from using the information for purposes other than those inherent to its office as a member of the Supervisory Board.

All information obtained by the SB is processed in compliance with the current privacy legislation (Leg. Decree 196/2003 and subsequent amendments and European Regulation no. 679/2016).