

Polieco Group

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Descriptive document about Organisation, Management and Control Model Pursuant to Italian Law Decree no. 231/2001

Rev.	Subject	Approval	Date
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INTRODUCTION

1 The Company

Polieco Group is the second manufacturer in Europe for the production and marketing of double wall corrugated high-density polyethylene (HDPE) piping systems and composite manhole covers, and it is the second manufacturer worldwide of compound intended for steel tube coating and film packaging. Polieco Gruppo is located in four countries (Italy, France, Greece and Slovakia), includes six production sites and relies upon more than 300 employees.

The company offers high-tech solutions for the following product categories and application sectors:

- Manhole covers;
- Cable conduits;
- Sewage;
- Manholes and special pieces;
- Water treatment;
- Drainage and dispersion;
- Steel casing pipe;
- Multilayer film.

Polieco Group philosophy can be summarized in three different concepts: commitment to work, technological innovation and respect for the environment.

The Group includes the following companies, geographically distributed in different locations for market proximity:

- Industrie Polieco – MPB s.r.l.;
- Polieco France S.A.;
- Polieco Hellas AEBE;
- Polieco Slovakia S.R.O.

Industrie Polieco-MPB s.r.l., the parent company, consists of two divisions:

- Piping Division;
- Resins Division.

Since 1992 Polieco Piping Division has been manufacturing and designing double wall corrugated high-density polyethylene (HDPE) piping systems.

The Company has pursued the goal to research increasingly innovating top-notch technical solutions, featuring top quality standards. Against this background, in 1995 Industrie Polieco-MPB has acquired from suppliers from Canada and Germany the equipment and technologies to manufacture Ecopal pipes in Italy. Ecopal is a structured corrugated polyethylene pipe – a special piping system that has been used in Northern European countries and in the United States for years – thus bridging the gap of sewage and drainage systems on the domestic market.

Industrie Polieco-MPB offers a 24h production system based on three extrusion lines to manufacture Ecopal structured pipes – in other words, potential production is 5,000 meters per day. Besides, the Company relies upon nine production lines dedicated to cable conduits – i.e. 150,000 m/24h potential output.

Besides the aforementioned cable conduits and Ecopal corrugated sewage pipes, Industrie Polieco-MPB designs and manufactures polyethylene fittings, special pieces and manholes by casting and in 2012 it started the production of the innovative KIO manhole covers.

Resins Division (MPB), which is operating from the company establishment in 1977, develops and produces polyethylene and polypropylene compounds and polyolefin-based adhesives grafted with maleic anhydride. Main applications are: coating of optical fibres, electrical cables and steel tubes intended for oil/gas/water transport. Market needs has led the Division to develop adhesives for multilayer film intended for food packaging.

Production sites are located in Cazzago San Martino (Brescia) and Conza della Campania (Avellino), respectively. Industrie Polieco-Mpb premises in Cazzago S. Martino cover an area of 80,000 sqm, of which 35,000 sqm are roofed, while the site in Conza della Campania covers an area of 35,000 sqm, of which 4,500 sqm are roofed.

Polieco Group product ranges are the following:

- Cable conduits: pipes intended for electrical and telephone cable protection;
- Drainage: pipes intended for artificial soil drainage;
- Sewage: pipes intended for sewage systems (Ecopal trademark);
- Composite manhole covers;
- Polyolefin-based compounds;
- Polyolefins and other base polymers grafted with maleic anhydride.

2 Document objectives

Italian Law Decree no. 231 dated 8 June 2001, “Regulation governing the administrative liability of legal entities, companies and associations with or without legal personality, pursuant to Art. 11 of Italian Law no. 300 dated 29 September 2000” (hereinafter also referred to as “Decree 231”) introduced the administrative liability of entities for some kinds of offences and crimes into the Italian law system, if perpetrated by:

- Top management (i.e. persons who fulfil functions of representation, whether organized or voluntary, administration or management of the entity)
- Individuals subject to the management or supervision of one of the parties, in the interest or to the advantage of the entity itself.

Italian Law Decree no. 231/01 determines that the entity is exempted from administrative liability whenever it is in its capacity to prove it has adopted and efficiently and effectively implemented an appropriate Organisation, Management and Control Model, for the purpose of preventing crimes and/or offences set forth under the Decree itself.

If one of the offences under Italian Law Decree no. 231/01 is perpetrated and the Company cannot prove to have adopted and efficiently and effectively implemented an Organisation, Management and Control Model (hereinafter referred to as “MOG 231”), it runs the risk of being subject to pecuniary and disqualification sanctions.

As regards the abovementioned regulatory context, Polieco has managed to:

- Adopt and implement its Organisation, Management and Control Model pursuant to Italian Law Decree no. 231/01;
- Establish a Supervisory Body pursuant to Italian Law Decree no. 231/01, in charge of supervising model compliance, operation and update.

This document details MOG 231 sections as implemented by the Company and the methodologic approach followed to create the sections themselves.

3 Document description

Polieco MOG 231 descriptive document consists of:

- **General section** – it describes the corporate governance system, as well as Company MOG definition system and operating principles together with the mechanisms of MOG actual implementation.
- **Special section** – it focuses on each category of offences and crimes, and includes:
 - Description of specific types of offences and crimes;
 - Specific corporate activities being sensitive to the above;
 - Conduct principles to comply with;
 - Implemented control protocols to protect sensitive activities;
 - Established systematic information flows.
- **Annexed in-depths about major types of crime.**

GENERAL SECTION

1 Italian Law Decree no. 231/2001

1.1 Decree subject

On 8 June 2001 Italian Law Decree no. 231 was enacted – in execution of legislative mandate under Art. 11 of Italian Law no. 300 dated 29 September 2000 – and came into force on the following 4 July, in order to align domestic regulations concerning the liability of legal persons with some international conventions Italy had for a long time adhered to, such as Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests; the Convention – also undersigned in Brussels on 26 May 1997 – on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union and OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions.

The abovementioned Decree, “Regulation governing the administrative liability of legal entities, companies and associations with or without legal personality”, introduced the administrative liability of entities (companies, consortia, etc.) for some kinds of crimes into the Italian law system, whenever the mentioned crimes are perpetrated in the interest or to the advantage of the same by:

- Persons who fulfil functions of representation, administration or management of the entity or of one of its organizational units (invested with financial and functional autonomy), or who, by virtue of their office or *de facto*, manage and control the entity (e.g., Directors and General Managers);
- Individuals subject to the management or supervision of one of the parties above specified (e.g., employees other than managers).

The above liability is added to the crime perpetrator's liability. Liability expansion is aimed at involving in the sanction of some crimes any entities that took advantage from crime perpetration. For all perpetrated offences and crimes pecuniary sanctions apply, while for more severe offences and crimes disqualification measures like licence suspension or revocation are applied, besides prohibition to enter into agreement with the Public Administration, disqualification from activity, exclusion from or revocation of financing and contributions, and prohibition of advertising goods and services.

Crime groups

Crime groups set out under Italian Law Decree no. 231/01 that constitute entity administrative liability are:

- Crimes perpetrated against the Public Administration (pursuant to Art. 24 and Art. 25, Italian Law Decree no. 231/01);
- Computer-related abuses and illicit handling of data (pursuant to Art. 24-*bis*, Italian Law Decree no. 231/01);
- Offences pertaining to organized crime (pursuant to Art. 24-*ter*, Italian Law Decree no. 231/01);
- Crimes of counterfeiting money (art. 25-*bis*, Italian Law Decree no. 231/01);
- Crimes against trade and industry (art. 25-*bis*.1, Italian Law Decree no. 231/01);
- Criminal and administrative offences relating to companies (pursuant to Art. 25-*ter*, Italian Law Decree no. 231/01);
- Offences for the purposes of terrorism or the subversion of democratic order (pursuant to Art. 25-*quater*, Italian Law Decree no. 231/01);
- Practices of female genital mutilation (pursuant to Art. 25-*quater*.1, Italian Law Decree no. 231/01);
- Offences against the person (pursuant to Art. 25-*quinquies*, Italian Law Decree no. 231/01);
- Offences of market abuse (pursuant to Art. 25-*sexies*, Italian Law Decree no. 231/01);
- Homicide without intent and serious or very serious bodily harm without intent deriving from the violation of regulations governing occupational health and safety (pursuant to Art. 25-*septies*, Italian Law Decree no. 231/01);
- Handling, laundering or using money, goods or other assets of illicit origin (pursuant to Art. 25-*octies*, Italian Law Decree no. 231/01);
- Transnational crimes (Italian Law no. 146 dated 16 March 2006, Art. 3 and Art. 10);
- Offences relating to breach of copyright (pursuant to Art. 25-*novies*, Italian Law Decree no. 231/01);
- Inducement to refrain from making declarations or to make false declarations to the judicial authorities (pursuant to Art. 25-*decies*, Italian Law Decree no. 231/01);
- Environmental crimes (pursuant to Art. 25-*undecies*, Italian Law Decree no. 231/01);
- Employment of illegally resident non-EU nationals (pursuant to Art. 25-*duodecies*, Italian Law Decree no. 231/01);
- Racism and xenophobia (pursuant to Art. 25-*terdecies*, Italian Law Decree no. 231/01)
- Fraud in sports competition, illegal gambling or gambling using illegal devices (pursuant to Art. 25-*quattuordecies*, Italian Law Decree no. 231/01).

1.2 Sanctions

The sanctions deriving from administrative liability, following the perpetration of or attempt to perpetrate one of the above crimes are as follows:

- Pecuniary sanctions applied according to a quota-based system (the value of a quota is comprised between 258 Euros and 1,549 Euros) and the minimum applicable sanction is comprised between

25,800 Euros up to 1,549,000 Euros max (i.e. in an amount of no less than one hundred quotas and no more than one thousand quotas);

- Disqualification sanctions (which are also applicable as a precautionary measure under certain circumstances):
 - Disqualification from the exercise of business activity;
 - Suspension or revocation of the authorizations, licenses or concessions instrumental to offence perpetration;
 - Disqualification from entering into agreements with the Public Administration;
 - Exclusion from facilitated conditions, funding, contributions and subsidies, and the possible revocation of those already granted;
 - Prohibition from advertising goods or services.
- Seizure in relation to the price or profit deriving from the crime;
- Publication of the conviction.

1.3 Exemption from administrative liability

Italian Law Decree no. 231/01 set forth specific forms of exemption from administrative liability of entities. In particular, Article 6 under Italian Law Decree no. 231/01 establishes that, in case of a crime perpetrated by a top manager, the Entity shall not be liable if it proves that:

- Before the act was perpetrated, the managing body adopted and effectively implemented appropriate models of organization and management for the purpose of preventing crimes of the type in question;
- The task of supervising operation, efficiency and efficacy and observance of the models and ensuring the relevant updating was assigned to a body within the entity vested with autonomous powers of initiative and control;
- The persons perpetrated the crime by fraudulently eluding organization and management models;
- Supervision by the Supervisory Body omitted or insufficient (pursuant to Art. 6, paragraph one, letter b) under the Decree).

Consequently, a presumption of liability exists on the entity because top management express and represent the entity policy and, therefore, willingness. The aforementioned presumption can be overcome if the entity proves the existence of the above conditions. In that case, although personal liability of the top manager exists, the entity is not liable under provisions set forth under Italian Law Decree no. 231/01.

As far as entity liability is concerned, Italian Law Decree no. 231/01 assigns Organisation, Management and Control Models a value of cause of absence of liability provided that models hereof are suitable to prevent crimes under Italian Law Decree no. 231/01 and, at the same time, are adopted and efficiently and effectively implemented by the managing body.

Article 7 under Italian Law Decree no. 231/01 establishes the entity administrative liability for any crimes perpetrated by subordinates, if perpetration was made possible by non-observance of management and supervision obligations. The above non-compliance is anyway excluded if the entity, before the crime was perpetrated, adopted and efficiently and effectively implemented by an Organisation, Management and Control Model suitable for preventing crimes of the type in question.

1.4 Whistleblowing laws

Italian Law Decree no. 231/2001 includes provisions aimed at protecting any employees or associates who report offences in the private sector. In particular, article 6, paragraph 2-*bis*¹ establishes that any Organisation, Management and Control Model must include:

- One or more channels that allow parties under Art. 5, paragraph 1, letters a) and b) under the Decree, to submit detailed reports to protect entity integrity about illicit conduct, based on precise actual facts or about violations of entity organisation and management model, acquired by virtue of their office; these channels must guarantee whistleblower's identity confidentiality in report managing;
- At least one alternative reporting channel suitable to guarantee whistleblower's identity confidentiality via computer-based means;
- Any direct or indirect retaliation or discrimination acts against the whistleblower for any reasons directly or indirectly connected with the reporting activity;
- Sanctions against anyone who infringes whistleblower protection measures, as well as anyone who submits groundless reports intentionally or with gross negligence.

For the purpose of higher protection of whistleblowers reporting crimes or irregularities acquired by virtue of their public or private office, Italian Law no. 179/2017 concerning whistleblowing, set outs under Art. 3, entitled "Integration of the regulation governing corporate, professional, scientific and industrial secrecy", that:

- In case of reports or complaints in forms and limits set forth under Article 54-*bis* of Italian Law Decree no. 165 dated 30 March 2001 and under Article 6 of Italian Law Decree no. 231 dated 8 June 2001, as amended by this law, pursuing of interest to public and private administration integrity, as well as embezzlement prevention and repression, constitutes just cause for disclosure of news covered by obligation of secrecy under articles 326, 622 and 623 under Italian Criminal Code and under article 2105 under Italian Civil Code;
- Provision under paragraph 1 does not apply in case the obligation of professional secrecy affects the party who has come to know the news by virtue of his/her professional consultancy or assistance relation with the involved entity, company or person;
- Whenever news and documents submitted to the body entitled to receive them are subject to corporate, professional or business secrecy, any disclosure with methods exceeding the purposes of eradicating the offence – specific reference is made to any disclosure beyond the specific communication channel set to the purpose hereof – constitutes breach of the relevant obligation of secrecy.

Obligation to report any suspicious conduct to the employer is included in the ampler duty of diligence and loyalty by workmen; consequently, the correct fulfilment of reporting duty cannot cause the application of disciplinary sanctions, exempt for any case in which information is characterized by malicious intent or sustained by bad faith, intent or gross negligence. For the purpose of ensuring whistleblowing system efficiency and efficacy, it is therefore required that the Entity timely informs its personnel and any associates about adopted procedures and regulation and any activity at risk, besides raising awareness, make understand and disseminate goals and significance underpinning reporting hereof.

The aim being to implement employer's duty of loyalty provisions and the law concerning whistleblowing, it is necessary to introduce in the Organisation, Management and Control Model an offence reporting

¹ Article amended by Italian Law no. 179 dated 30 November 2017 concerning Whistleblowing, published on *Gazzetta Ufficiale* [Italian Official Journal] no. 291 dated 14 December 2017, in force since 29 December 2017.

management system, the latter allowing for whistleblower protection and confidentiality right. Moreover, it is necessary to introduce in the disciplinary system specific provisions aimed at sanctioning any retaliation act and discrimination conduct against the whistleblower.

2 Organisation, Management and Control Model (MOG 231)

2.1 Model operation

The Organisation, Management and Control Model is a structured and organized system of principles, internal rules, operative procedures and control activities aimed at carrying out Company activities with the due diligence and transparency, to prevent any conduct suitable to lead to crime and/or offence under Italian Law Decree no. 231/2001, as amended and supplemented.

In particular, pursuant to paragraph 2 of article 6 under Italian Law Decree no. 231/01, MOG 231 must adequately meet the following needs:

- To determine sensitive activities, i.e. activities associated with the potential risk of perpetration of the crimes, according to a risk assessment approach;
- To review and specify, if possible, Model general conduct principles (i.e. summarize, integrate and/or specify conduct rules and regulations under the Code of Ethics; specific prohibitions; relevant internal proxy and delegation system; etc.) at risk-crime connection level;
- To set out Protocols, i.e. specific control procedures implemented by the Company to prevent risk-crime connection, which Recipients are required to comply with to implement this Model correctly;
- To provide the Supervisory Body with instruments aimed at exercising monitoring and verification activities by: (I) determining information flows (frequency, reporting, minimal contents, etc.) the Supervisory Body must receive from the heads of control activities; (II) describing control activities and relevant methods, thus allowing a timely verification in accordance with the relevant activity plan;
- To set out financial resource management methods to avoid any crime perpetration;
- To introduce a disciplinary system suitable for sanctioning any failure to comply with measures set forth under the Model.

In compliance with provisions set forth under article 6 of Italian Law Decree no. 231/01 and interpretation and implementation guidelines by the most representative trade associations and, in particular, by *Confindustria* [the association representing manufacturing and service companies in Italy], Polieco has determined general principles, structure and sections of its Organisation, Management and Control Model.

Therefore, Model Special Sections are aimed at directing sensitive activities by Recipients (as defined under the following paragraph) to prevent crimes set forth under Italian Law Decree no. 231/01.

Specifically, they aim at:

- Setting out the types of crimes attributable to crime groups recalled under the Decree;
- Determining sensitive activities, i.e. Company activities that the Company deems associated with the aforementioned risk-crime connection, according to a risk assessment approach;
- Reviewing and specifying, if possible, Model general conduct principles (i.e. summarizing, integrating and/or specifying conduct rules and regulations under the Code of Ethics; specific prohibitions; relevant internal proxy and delegation system; etc.) at risk-crime connection level;
- Setting out Protocols, i.e. specific control procedures implemented by the Company to prevent risk-crime connection, which Recipients are required to comply with to implement this Model Special Part correctly;
- Providing the Supervisory Body with instruments aimed at exercising monitoring and verification activities by: (I) determining information flows (frequency, reporting, minimal contents, etc.) the Supervisory Body must receive from the heads of control activities; (II) describing control activities and relevant methods, thus allowing a timely verification in accordance with the relevant activity plan.

2.2 Model recipients

Pursuant to Italian Law Decree no. 231/01, Company recipients (thereinafter referred to as “Recipients”) of this Organisation, Management and Control Model are the following:

- Company directors and managers (i.e. the top management);
- Company employees (i.e. corporate persons subject to the management or supervision of others),

who undertake to comply with the contents of the Model itself.

By virtue of dedicated contract clauses and within the limits of carrying out sensitive activities, the following external parties (hereinafter referred to as “External Parties”) can be recipients of specific instrumental obligations to adequately carry out internal control activities as set forth under Model Special Sections:

- Associates, consultants and, in general, any independent workers operating within any sensitive activities on behalf or in the interest of the Company;
- Suppliers and partners (even as temporary association of companies or joint ventures) significantly and/or uninterruptedly operating within the scope of sensitive activities on behalf or in the interest of the Company.

Among the aforementioned External Parties any parties who substantially operate significantly and/or uninterruptedly within sensitive activities on behalf or in the interest of the Company are included.

2.3 Model structure and components

Main components of Polieco MOG 231, in compliance with provisions set forth under Italian Law Decree no. 231/01, are as follows:

- Code of Ethics;
- Corporate Governance principles;
- Control Protocols;

- Sanction System;
- Communication and Training Plan;
- Supervisory Body.

The **Code of Ethics** is aimed at promoting and disseminating Company vision and mission, highlighting a system of ethical values and rules of conduct aimed at favouring the commitment to keep a morally correct conduct and compliance with rules and regulation in force by corporate top management, employees and third parties involved in corporate operations. Therefore, the following is included in the Code of Ethics:

- Vision, mission, ethics values and principles underpinning corporate culture and managing philosophy;
- Rules of conduct to adopt in carrying out tasks and in relations with Company internal and external interlocutors;
- Duties about information of and collaboration with Company Supervisory Body, which top management or subordinates are in charge of;
- Reference to sanction system applicable in case of violation of rules under Code of Ethics.

The **Principles of Corporate Governance** describe corporate organization.

The **Control Protocols** represent the set of control measures safeguarding crime perpetration sensitive activities set forth under Italian Law Decree no. 231/01; implementation of the latter helps preventing crime perpetration.

The **Sanction System** sets out disciplinary sanctions and the relevant implementation methods to be imposed on any parties (top management, employees, managers, External Parties) liable of breaching Code of Ethics rules and regulations and failure to comply with provisions set forth under MOG 231. The Disciplinary System defines:

- The reference regulatory framework that governs sanctions and relevant implementation methods at contract and Civil Code level, applicable in case of offences and crimes and incorrect conduct by employees, managers and subordinates as well as External Parties;
- Sanctions against top management, employees and managers as well as measures against External Parties;
- Internal methods aimed at offence detection, reporting and managing.

The **Communication and Training Plan** is instrumental to communicate MOG 231 rules and provisions to stakeholders, the aim being to obtain the amplest knowledge and sharing. Communication and Training Plan is focussed on raising awareness in Company employees through dedicated training courses, assuming MOG 231 provisions and crime perpetration risks set forth under rules and regulations in force.

The Plan must include the following topics:

- Information and training programs to be planned, scheduled and implemented;
- Techniques, means and tools to support training and communication activities (e.g. internal circulars, communications to be affixed in common access places, multimedia document supports, classroom training);
- Testing methods to assess comprehension and acknowledgment level reached by trained parties;
- Reporting methods of any training activities carried out.

The **Supervisory Body** has the task to supervise operation of and compliance with the implemented MOG 231 and to take care of the relevant update according to Company organization and regulation changes.

The following are therein set out:

- Appointment and revocation process including ineligibility and revocation reasons;
- Essential requirements;
- Organization placement;
- Functions and powers;
- Budget.

2.4 Method approach

2.4.1 Implemented method

An Organisation, Management and Control Model, pursuant to Italian Law Decree no. 231/01, must be set out and implemented to prevent, within reasonability limits, crime perpetration set forth under the Decree itself.

Therefore, specific importance is given to organization structure analysis in order to:

- Determine sensitive activities that could entail illicit conducts;
- Describe internal control system to protect any detected sensitive activities.

Determination and analysis of sensitive activities must be carried out each time organization and regulatory changes occur.

The above require top management involvement. i.e. Directors, General Managers and, in general, anyone entrusted with decision-making and managing independence within the scope of their office within the Company.

For further details about implemented methods, please refer to “Assessment methods for sensitive activities pursuant to Italian Law Decree no. 231/01” document, which is aimed at setting forth methods and instruments supporting the analysis of any activities potentially at risk of perpetration of one of the crimes under Italian Law Decree no. 231/01.

2.5 Delegation and Power System

2.5.1 Principles

The Delegation and Power System is aimed at:

- Assigning roles and responsibilities within each corporate department;
- Determining persons who can operate within specific corporate activities;
- Formalizing decision-making powers and the relevant economic significance.

The System must draw inspiration from clear and organized task assignment to avoid power overlapping or gaps, responsibility segregation and interest opposition, and prevent power concentrations, in compliance with requirements set forth under Italian Law Decree no. 231/01.

Delegation and power system must be coherent with recruitment policies, assessment and management of the most significant risks and determined risk tolerance levels.

The Company undertakes to set, keep and communicate an organization system that formally and clearly defines the assignment of management, coordination and control responsibilities within the Company, as well as hierarchical subordination levels and task description.

Moreover, the Company undertakes to implement a proxy system, which is coherent to the responsibilities assigned to each Director or Managing Director or manager, besides clearly determining expenditure quantitative thresholds.

2.6 Sanction System

2.6.1 Introduction

An efficient and effective implementation of an Organisation, Management and Control Model must include an adequate Sanction System.

The Sanction System has an essential function in the structure of Italian Law Decree no. 231/01: it supervises and protects Company internal procedures (pursuant to Art. 6, paragraph 2, letter e) and provisions under Art. 7, paragraph 4, letter b) of Italian Law Decree no. 231/01).

Indeed, in order for the Organisation, Management and Control Model to be efficient and effective exemption for the Company, it must include, pursuant to provisions set forth under the abovementioned Art. 6, paragraph 2, a *Disciplinary System suitable for imposing sanctions attributable to failure to comply with the measures set out under the Model itself*.

Requirements to be complied with by the Sanction System, where the Decree provides no provision thereabout, can be inferred from existing case-law and legal literature, which set out:

- **Specificity and autonomy:** *specificity* is expressed by the setting out of the Company internal Sanction System, the aim being to impose sanctions on any Model violation, regardless of crime perpetration; on the other hand, *autonomy* is expressed by internal Disciplinary System operation self-sufficiency towards external systems (e.g. criminal judgement). In particular, the Company is required to sanction any violation regardless the criminal judgement, taking into account the kind of violation in relation to protocols and procedures set forth under the Model;
- **Compatibility:** the procedure of sanction ascertaining and imposing as well as sanction itself cannot be in conflict with law and contract provisions governing the work relation with the Company;
- **Suitability:** the system must be efficient and effective for the purpose of preventing crime perpetration;
- **Proportionality:** any applicable or applied sanction must be proportionate to the relevant detected violation;
- **Drawing-up in writing and adequate dissemination:** Sanction System must be drawn up in writing and subject to timely dissemination and training intended for Recipients (affixation in a place accessible to all is not sufficient).

Therefore, it is evident that offence perpetration would compromise the relationship of confidence among the Parties, thus legitimizing the application of disciplinary sanctions by the Company.

Essential prerequisite of Company disciplinary power is allegation of violation to the worker (either subordinate or top manager or associate), regardless the conduct includes a violation generating a criminal proceeding.

As aforementioned, sanction essential requisite is proportionality to the detected violation; proportionality hereof must be assessed according to the following criteria:

- Violation severity;
- Kind of labour relation with the workman (subordinate, para-subordinate, managerial, etc.), considering the specific discipline pursuant to law and contract provisions.

2.6.2 Disciplinary liability – definition and limits

The Company, aware of the need for compliance with law and regulation provisions, ensures that sanctions imposable under this Sanction System are compliant with provisions set forth under applicable sector Italian National Collective Labour Agreements, precisely:

- **Italian National Collective Labour Agreement referred to workers in the rubber, electric cables industry and the like, and the plastics industry** – sites located in Cazzago San Martino and Conza);
- **Italian National Collective Labour Agreement referred to managers of companies manufacturing goods and providing services.**

Moreover, the Company ensures that provisions set forth under Art. 7 of Italian Law no. 300 dated 30 May 1970 (“The Corkers’ Statute”) are applied in procedures for offence allegation and imposition of the relevant sanction.

2.6.3 Recipients and their duties

Recipients of this Disciplinary System coincide with MOG 231 Recipients.

Recipients are obliged to conform their conduct to the principles set forth under Code of Ethics and all principles and organization, management and control measures applied to corporate activities under MOG 231.

Any violations to the abovementioned principles, measures and procedures represents, if ascertained:

- A breach of contract as regards obligations deriving from labour relation under Art. 2104 of Italian Civil Code and Art. 2106 of Italian Civil Code as far as employees and managers are concerned;
- Failure to comply with duties set forth under law provisions and the Workers’ Statute pursuant to Art. 2392 of Italian Civil Code as far as Directors are concerned;
- A breach of contract and contract termination, without prejudice to compensation for damages, as far as External Parties are concerned.

Imposition procedure concerning sanctions listed here below considers any peculiarities deriving from the legal status of the party against whom the sanction is imposed.

In any case, the Supervisory Body must be involved in the disciplinary sanction imposition process.

The Supervisory Body checks that specific procedures are implemented to properly inform the above listed parties about the Sanction System and its contents from the beginning of the parties’ relation with the Company.

2.6.4 Sanction-related general principles

Any sanctions imposed because of offences must anyway comply with the principle of gradualism and proportionality in relation to the severity of committed violations.

Determination of the imposed sanction type and size further to any offence perpetration, hereby included any offence under Italian Law Decree no. 231/01, must be based on compliance and assessment of the following:

- Intentionality of the conduct from which violation derives;
- Negligence, imprudence and inexperience by the party at perpetrating the violation, especially as regards the possibility of foreseeing the event;
- Violation or offence significance and consequences;
- Office of the party acting within the corporate organization especially with regards office-related responsibilities;
- Any aggravating and/or attenuating circumstances that may be detected with regards to Recipient's conduct, including without limitations imposing of disciplinary sanctions on the party in two years before the violation or the offence;
- Agreed participation of several Recipients in violation or offence perpetration.

The procedure concerning offence allegation and sanction imposition is diversified according to the acting party category.

2.6.5 Sanctions against employees

Failure to comply with conduct measures and rules set forth under the Model by employees generates disciplinary offences.

Sanctions imposable on employees fall under those under corporate Disciplinary System and/or Sanction System set forth under Italian National Collective Labour Agreement referred to workers in the rubber, electric cables industry and the like, and the plastics industry, applied to corporate employees from sites in Cazzago San Martino (BS) and Conza (AV), in compliance with procedures set forth under article 7 of Italian The Workers' Statute and any applicable special regulations.

Company corporate Disciplinary System is therefore made of applicable rules and regulations under Italian Civil Code and the abovementioned agreed regulations set forth under Italian National Collective Labour Agreement. In particular, corporate Disciplinary System describes sanctioned conducts, according to the significance assumed by the single types considered and actual sanctions for the relevant perpetration according to their severity.

As regards the above, MOG 231 refers to sanctions and sanctionable categories set forth under the existing Sanction System under the Italian National Collective Labour Agreement, the aim being to attributing any violations against MOG 231 and Italian Law no. 179/2017 concerning whistleblowing as set forth under the abovementioned provisions.

The Company deems that sanctions set forth under Italian National Collective Labour Agreement apply to the above defined offences, in compliance with the following methods and considering general principles and criteria set out under the paragraph above.

As far as employees are concerned, in accordance with **Italian National Collective Labour Agreement referred to workers in the rubber, electric cables industry and the like, and the plastics industry**, the following sanctions are envisaged:

- a. Verbal warning;
- b. Written reprimand;
- c. Money fine in an amount not to exceed three hours of pay and contingency allowance;
- d. Work suspension up to three days;
- e. Dismissal.

(a) **Verbal warning** for slight failures or (b) **written reprimand**, being more specifically reprimanding.

Verbal warning or written reprimand, in compliance with Italian National Collective Labour Agreement, are applicable to employees against:

- First offence of limited severity;
- Slight breach of whistleblower's identity confidentiality obligation set forth under Italian Law no. 179/2017 to protect any employee or associates reporting offences, as well as weak acts of retaliation or discrimination against a whistleblower;
- Negligent breach of information obligation to the Supervisory Body set forth under MOG 231;
- In general, slight non-compliance with duties set out by internal procedures under MOG 231 or adoption of a conduct non-compliant with provisions set forth under MOG 231 in carrying out an activity in an area at risk or instructions given by supervisors or slight violation of provisions concerning protection of any employee or associate reporting offences and/or conducts pursuant to Italian Law no.179/2017.

(c) **Monetary fine in an amount not to exceed three hours of pay;** ed contingency allowance

The monetary fine (in an amount not exceeding three hours of standard pay), in compliance with Italian National Collective Labour Agreement, is applicable to the employee against:

- Inefficiency of verbal warning and written reprimand i.e. in any cases the nature of the offence makes the warning and/or reprimand inadequate;
- First offence of increased severity, also with regards to tasks carried out;
- Inefficiency of verbal warning and written reprimand i.e. first offence of increased severity against whistleblower's identity confidentiality obligation set forth under Italian Law no. 179/2017 concerning protection of whistleblowing employee or associate, as well as perpetration of modest retaliation or discrimination against the whistleblower;
- In general, non-compliance (repeated or of a certain severity) with duties set out in internal procedures under MOG 231 or conduct non-compliant with Model provisions in carrying out an activity in a risk exposed area or any supervisor's instructions or provisions concerning protection of whistleblowing employee or associate pursuant to Italian Law no. 179/2017.

(d) **Work suspension up to three days**

Wage suspension and service suspension from duty (for a time period not exceeding three days of actual work) in compliance with Italian National Collective Labour Agreement is applicable on the employee against:

- Repeat offence;
- First offence of increased severity, also with regards to tasks carried out;
- In general, non-compliance (repeated or of a certain severity) with duties set out in internal procedures under MOG 231 or conduct non-compliant with Model provisions in carrying out an activity in a risk exposed area or any supervisor's instructions or provisions concerning protection of whistleblowing employee or associate pursuant to Italian Law no. 179/2017.
- Negligent or intentional violation of whistleblowing provisions set forth under Italian Law no. 179/2017 by the employee, failing to comply with whistleblower's identity confidentiality obligation or perpetrating retaliation or discrimination against the whistleblower.

(e) Dismissal

Any worker who adopts a conduct which non-compliant with MOG 231 provisions in carrying out an activity in a risk exposed area and which is aimed unambiguously at perpetrating one of the crimes sanctioned under Italian Law Decree no. 231/01 , is subject to dismissal disciplinary sanction in compliance with Italian National Collective Labour Agreement.

In particular, the above sanction applies when:

- An employee has, intentionally and negligently (in the latter case, only for crimes concerning health and safety in the workplace), perpetrated an offence of such a significance as to integrate, even in a purely abstract understanding, hypothesis of crime under Italian Law Decree no. 231/01;
- In the most severe case of intentional or negligent violation of provisions concerning whistleblowing under Italian Law 179/2017 by an employee, who severely fails to comply with whistleblower's identity confidentiality obligation or perpetrates severe retaliation or discrimination against the whistleblower.

In any case, as far as ascertaining of the above offences, the disciplinary procedure and sanction imposition are concerned, the employer's power do not change, whenever vested into any parties delegated to the purpose.

Supervisory Body involvement is envisaged in any sanction imposition procedure arising from MOG 231 violation, i.e. **no** disciplinary sanction arising from MOG 231 violation can be imposed without prior notification thereabout to the Supervisory Body.

Notification hereof becomes irrelevant whenever sanction imposition proposal comes from the Supervisory Body.

Similarly, notification about any disciplinary procedure archiving hereof must be served to the Supervisory Body.

The introduction of any new provision shall be promptly notified and disseminated, by means of internal circular to explain the relevant reasons and summarizing the relevant contents.

2.6.6 Sanctions against managers

The managerial relationship is characterized by relationship of trust and confidence. Manager's conduct is reflected not only within the Company but outside it as well, e.g. Company image in the market and, in general, towards stakeholders.

Therefore, Company managers' compliance with provisions set forth under MOG 231 and obligation to have them complied with, is essential for the managerial work relationship as it is inspiration and example for any parties who hierarchically depend on them.

Any offences perpetrated by Company managers (as direct violations of Organisation, Management and Control Model as well as Italian Law Decree no. 231/2001 and any laws therewith connected – Italian Law no. 179/2017 concerning whistleblowing, among others) by virtue of the special relationship of trust and confidence between the same and the Company and the inexistence of any reference Disciplinary System, are sanctioned by the disciplinary sanctions deemed the most appropriate to each case in compliance with general principles set forth under the above *Sanction-related general principles* paragraph, to the extent consistent with laws and contract provisions and taking into account that the above violations are in any case to be deemed non-compliance with obligations deriving from work relationship.

Disciplinary sanctions are envisaged whenever a manager expressly, or due to lack of supervision, allows employees under hierarchical subordination to adopt any conduct non-compliant with MOG 231 provisions and/or in violation thereof; conduct that may be classified as offences or conduct that constitutes violation of Italian Law no. 179/2017 concerning protection of whistleblowing employees or associates relevant for the purposes of Italian Law Decree no. 231/2001 or MOG 231 violation of which came to his/her knowledge by virtue of his/her office.

If offences under MOG 231 or Italian Law Decree no. 231/2001 and laws therewith connected – Italian Law no. 179/2017 concerning whistleblowing, among others – by managers constitute crimes, the Company, at its discretion, reserves the right to impose on the liable parties the following provisional alternative measures while criminal judgement is pending:

- Manager's precautionary suspension from work relation without prejudice to full wage;
- Change of position within the Company.

Further to the criminal judgement outcome that confirms MOG 231 violation by the manager, thus convicting the latter of any of the crimes under the Model itself, the manager is imposed of a disciplinary sanction concerning the most severe offence type.

Sanction of dismissal for justified reasons applies to:

- Any offences that can determine the imposition of precautionary sanctions on the Company set forth under Italian Law Decree no. 231/01 and that actually deny confidence in the work relationship so as to prevent the employment relationship from continuing even temporarily because entering the employment contract *intuitu personae* is an essential prerequisite.

Supervisory Body involvement is envisaged in any sanction imposition procedure on managers arising from MOG 231 violation, i.e. **no** disciplinary sanction arising from MOG 231 violation can be imposed on any manager without prior involvement of the Supervisory Body.

Involvement of the Supervisory Body occurs each time the proposal for sanction imposition comes from the Supervisory Body itself.

Similarly, notification about any disciplinary procedure archiving hereof must be served to the Supervisory Body.

2.6.7 Measures against Directors (pursuant to Art. 5, paragraph one, letter a) of Italian Law Decree no. 231/01)

The Company strictly assess any offences against the Model perpetrated by any parties representing Company top management and Company image towards its employees, customers, creditors, Supervisory Authorities and the public in general.

Fairness and transparency values must be shared and complied with firstly by anyone running the Company so that they serve as an example and exhortation for any party who works for the Company, at any level.

Company Supervisory Body must promptly report any violations of principles and measures set forth under MOG 231, implemented by the Company, as well as any non-compliance with Italian Law no. 179/2017 concerning whistleblowing that consists in a violation of whistleblower's identity confidentiality obligation or retaliation or discrimination against the whistleblower, by any members of Company Board of Directors to the whole Company Board of Directors.

Directors' liabilities against the Company is governed in all respects by Art. 2392 under Italian Civil Code².

Board of Directors is competent for offence assessment and assumption of the most suitable measures against the Director – or the Directors – who perpetrated the offences hereof. In its assessment, the Board of Directors is supported by Company Supervisory Body and resolutions are passed by absolute majority of attendees, hereby excluded the Director – or the Directors – who perpetrated the offences hereof.

Sanctions against Directors include:

- Revocation of proxies or office;
- Dismissal, whenever the Director has a subordinate employment contract with the Company.

Pursuant to Art. 2406 of Italian Civil Code, Company Board of Directors is competent for, in compliance with applicable law provisions in force, calling, if applicable, a Shareholders' Meeting. Calling hereof is compulsory for any resolutions about office revocation or action for liability against Directors (it is hereby specified that action for liability against Directors is of compensatory nature and, therefore, cannot be considered a sanction).

2.6.8 Measures against Statutory Auditors

Company Supervisory Body must promptly report any violations of provisions and rules of conduct set forth under this Organisation, Management and Control Model, as well as any non-compliance with Italian Law no. 179/2017 concerning whistleblowing that consists in a violation of whistleblower's identity confidentiality obligation or retaliation or discrimination against the whistleblower, by one or more Statutory Auditors³, to the whole Board of Statutory Auditors and the Company Board of Directors in the person of the Chairman and the Managing Director, by means of a report in writing.

Recipients of Company Supervisory Body's report may impose, according to contents under the Workers' Statute, appropriate measures, including without limitations, calling a Shareholders' Meeting, the aim being to adopt the most appropriate measure set forth under law provisions in force.

In case violations include just cause of revocation, Company Board of Directors submits the adoption of relevant measures to the Meeting and addresses further duties set forth under law provisions.

² Art. 2392 of Italian Civil Code **Liability towards the Company.**

1. Directors must carry out their duties, imposed by law provisions and Company Articles of Association, with the diligence required by the nature of their task and by their specific skills. Directors are jointly liable towards the Company for the damages caused by the non-observance of these duties, unless they must be carried out by the Executive Committee or represent functions concretely committed to one or more Directors.
2. Without prejudice to provisions set forth under Art. 2381, paragraph three, in any case Directors are jointly liable towards the Company if, even if acquainted with prejudicial facts, they did not do all they could in order to avoid such facts or mitigate or erase the resulting damages.
3. Liabilities for any acts or omissions by Directors do not extend to the one among them who, free from fault, had his dissenting opinion promptly entered into the minute book of Board of Directors meetings and resolutions, and immediately reported it in writing to the chairman of Board of Statutory Auditors.

³ Although Statutory Auditors cannot be deemed – in principle – parties in top management positions, it is anyway conceivable, in an abstract understanding, the involvement – even indirect – of the same in crime perpetration under the Decree hereof (possibly by way of participation with parties in top management positions).

2.6.9 Measures against Supervisory Body members

Any Statutory Auditor or Director must promptly report any violations of provisions set forth under this Organisation, Management and Control Model, as well as any non-compliance with Italian Law no. 179/2017 concerning whistleblowing that consists in a violation of whistleblower's identity confidentiality obligation or retaliation or discrimination against the whistleblower, by one or more member of Company Supervisory Body, to the whole Board of Statutory Auditors and Company Board of Directors. The latter, once notified the violation hereof and granted adequate instruments of defence, adopt appropriate measures including, without limitations, office revocation.

2.6.10 Measures against External Parties

Any conduct by External Parties (associates, agents, consultants and, in general, any self-employed workers, besides suppliers and partners, also in form of temporary association of companies as well as joint-ventures) in conflict with conduct guidelines set forth under this MOG 231 and such as to entail any risk of crime perpetration under Italian Law Decree no. 231/01, as well as non-compliance with Italian Law no. 179/2017 concerning whistleblowing that consists in a violation of whistleblower's identity confidentiality obligation or retaliation or discrimination against the whistleblower, may cause, pursuant to specific contract clauses under engagement letters or contracts, termination of contract or right to withdrawal from the same, without prejudice to any request for compensation whenever conduct hereof causes damages to the Company, including, without limitations, imposition on the Company of precautionary sanctions set forth under the Decree.

The Supervisory Body, in close coordination with the Managing Director or other party delegated by the same assesses if specific procedures were applied for the transmission of principles and conduct guidelines set forth under MOG 231 and Code of Ethics to the External Parties and check that the latter were duly informed of the consequences that may derive from any violation of the same.

2.7 Communication and Training Plan

2.7.1 Model communication and training

MOG 231 (and Code of Ethics) communication will be as follows:

- **Internal personnel** (employees, newly recruited personnel, etc.): MOG 231 (General Section and Special Sections) and Code of Ethics will be published on corporate intranet. Therefore, corporate personnel will be informed of the aforementioned document publication (and/or updating) by dedicated communication via corporate e-mail;
- **External Parties** (suppliers, associates, consultants, etc.): MOG 231 General Section and Code of Ethics will be published on corporate website (www.polieco.com – www.mpb.it).

As regards information and training activities intended for Model Recipients, they must be supervised and integrated by Supervisory Body and structured as follows:

- **Managing personnel and with entity representative functions:** initial general classroom training, followed by specific training for newly recruited personnel and periodical update in case of significant MOG 231 changes and, in particular, whenever the Legislator set forth further crime-prerequisite.

The Supervisory Body is in charge of verifying:

- Course quality;
- Update frequency;

- Course attendance by personnel.

Training courses must comprise:

- Introduction to applicable regulation and Italian *Confindustria* Guidelines;
 - A dedicated in-depth concerning principles under Code of Ethics and MOG 231 General Section;
 - Description of Supervisory Body role;
 - Description of Sanction System.
- **Non-managerial personnel involved in sensitive activities:** training course whose contents nature and scope are similar to the ones above described. Supervisory Body is in charge of checking training course adequacy and controlling actual attendance, even by newly recruited personnel or by involved workers upon any change of organization position that requires course attendance;
 - **Non-managerial personnel not involved in sensitive activities:** an internal information notice is disseminated to all operating employees and to anyone recruited thereafter. Supervisory Body is in charge of checking information notice adequacy and the relevant efficient and effective dissemination of the same;
 - **External Parties:** a general information notice is disseminated to anyone under contract relationship with the Company within the scope of sensitive activities. Information notice hereof is submitted to anyone entering contract relationship in the future upon contract undersigning. Supervisory Body is in charge of checking information notice adequacy and the relevant efficient and effective dissemination of the same.

Attendance of the above training programs is compulsory and corporate Human Resources Department is in charge of controlling actual attendance. The latter is in charge of reporting the outcomes of the aforementioned control to corporate Supervisory Body.

2.8 Supervisory Body

2.8.1 Regulatory context

Article 6, paragraph one, letter b) sets forth, with reference to top management parties, that *“the task of supervise operation of and compliance with models and taking care of the relevant update”* must be assigned to *“a body of the entity entrusted with autonomous powers of initiative and control”*.

Although express law reference to action by persons *subject to the management of others* does not exist for the purpose of efficiently and effectively implementing Model hereof, article 7, paragraph four, letter a) requires a *periodic verification and any subsequent amendment of the same whenever significant provision violations are detected or organization or activity changes occur*. The above activity is assigned to the Supervisory Body.

Supervisory Body is a corporate function in charge of supervising MOG 231 in terms of control of ethics, organization and management procedures.

2.8.2 Appointment and revocation

The Supervisory Body is appointed by resolution by the Board of Directors.

Adopted criteria concerning determination, as well as body or function structure and type of Supervisory Body must be made explicit upon appointment. Criteria for Supervisory Body determination, structure or function vested therein must be explicit as well, besides reasons underpinning the choice thereof and designation of each Supervisory Body member.

Collectively, the Board of Directors appoints, among its members, the Chairman of the Supervisory Body. In any case, the Chairman, upon appointment and for all its office, must not in any way be bound to the Company in any manner whatsoever, under any title, by employment and/or subordination bonds, or hold any management office within the same.

Members of the Supervisory Body must personally meet the requirements of integrity and morality.

Reasons for ineligibility are:

- Being directly or indirectly shareholder in entities so as to exercise notable control or influence on the Company;
- Being close relative of Company Managing Directors or parties who are under the aforementioned conditions;
- Being disqualified, incapacitated or bankrupt;
- Being prosecuted because of any crimes set forth under Italian Law Decree no. 231/01;
- Having required and agreed to application of the sentence by common agreement between the parties pursuant to Art. 444 of Italian Criminal Procedure Code as regards any crimes set forth under Italian Law Decree no. 231/01;
- Having been convicted by final judgement pursuant to Art. 648 of Italian Criminal Procedure Code for:
 - Any events connected with task performance;
 - Any events significantly affecting its professional conduct;
 - Any events involving disqualification from public office, corporate and legal persons' management offices, profession or art, as well as incapacity to enter into agreements with Public Administration;
 - And, in any case, having committed any crimes set forth under Italian Law Decree no. 231/01;
- In any case, in order to protect Supervisory Body essential requirements, this reason for ineligibility is exclusively applied to criminal proceedings for facts under the above paragraph since a member is served with the commencement of a legal proceeding and pursuant to Art. 405 and Art. 415-*bis* of Italian Criminal Procedure Code and until decision is made to dismiss the case under Art. 425 of Italian Criminal Procedure Code or, in case a decision is made to prosecute, until a judgment acquitting persons charged is delivered pursuant to Art. 529 and Art. 530 of Italian Criminal Procedure Code;.

Term of office must be included in the appointment hereof. Appointment is on fixed term and term is three (3) years from the date of appointment.

Appointment must include a compensation for the assigned office, without prejudice to appointment of members of other bodies or functions for which supervision on internal control system adequacy and actual operation is a predominant portion of their tasks, being the adopted MOG 231 – according to the most authoritative case-law – integral part of internal control system.

Members of the Supervisory Body cease to hold office because of resignation, incapacity, death or revocation.

Members of the Supervisory Body may be subject to revocation in case of:

- Repeated non-compliance with assigned tasks or unjustified inactivity;
- Imposition of disqualification sanctions on the Company due to inactivity by one or more members of the Body hereof;
- Detection of MOG 231 violations by parties under obligation thereof and failure to comply with obligation to report violations hereof and to check Model suitability and efficient and effective implementation to submit any amendments;
- Arising any reasons for ineligibility after the appointment hereof.

Revocation is resolved by the Board of Directors.

In case of resignation, incapacity, death or revocation of a Supervisory Body member, the Chairman of the Supervisory Body must promptly inform Company Board of Directors, which must resolve thereabout without delay.

In case of resignation, incapacity, death or revocation of the Chairman of Company Supervisory Body, the oldest member thereof takes its office over and remains in office until the day on which Company Board of Directors resolves about the appointment of a new Chairman.

2.8.3 Essential requirements

Considering the specificity of assigned tasks, provision under Italian Law Decree no. 231/01 and instructions under Italian *Confindustria* Guidelines, the appointment of an internal body entrusted with autonomous powers of initiative and control is aimed at granting the Supervisory Body any requirements of autonomy, independence, professionalism and continuity of action required under Italian Law Decree no. 231/01 provisions.

In particular, considering the aforementioned Italian *Confindustria* Guidelines, the above requirements can be qualified as follows:

2.8.3.1 Autonomy

Supervisory Body is entitled to decision-making autonomy.

Supervisory Body is autonomous towards Company or it is not involved in any way whatsoever in Company operation, neither participates into any management activities. Furthermore, Supervisory Body is entitled to carry out its office without being directly or indirectly influenced by any parties controlled by it. Activities implemented by Company Supervisory Body cannot be called in question by any other corporate body or structure.

Moreover, Supervisory Body is entitled to regulatory autonomy, i.e. it has the possibility to establish its own rules of conduct and procedures within the scope of powers and functions determined by Company Board of Directors.

2.8.3.2 Independence

Supervisory Body independence is an essential requirement, not to be subject to any form of subordination to the Company. Independence is obtained through correct and adequate hierarchical subordination.

2.8.3.3 Professionalism

Company Supervisory Body professionalism is skilful and reliable.

Therefore, in its collegiality technical and professional skills must be ensured and suitable for its functions; law, accountancy, company, organization skills as well competencies about health and safety in the workplace are essential requirements.

In particular, specific capabilities concerning inspection and consultancy activities must be guaranteed, e.g. skills concerning statistical sampling, risk assessment and analysis, interview and questionnaire drawing up, besides methods for fraud detection.

The above characteristics, together with independence, ensure objectivity of judgement.

2.8.3.4 Continuity of action

In order to ensure efficient and uninterrupted implementation of MOG 231 provisions, the Supervisory Body operates continuously. Therefore, the Supervisory Body ensures prevailing commitment in operative solutions, even if not necessarily exclusive, which is suitable for accomplishing its institutional tasks efficiently and effectively.

2.8.4 Organizational positioning

Article 6 of Italian Law Decree no. 231/01 sets forth that the Supervisory Body is within the Company, being part of corporate organization chart in its collegiality. In this way only the Supervisory Body may be informed about Company matters and deliver coordination with other corporate bodies. Similarly, Supervisory Body pertinence only can ensure an essential continuity of action.

Supervisory Body is a **staff function** towards Company Board of Directors, by which it is appointed. In order to furtherly guarantee the independence requirement, Supervisory Body has information obligations towards the Company Shareholders' Meeting.

Moreover, ongoing information flows are ensured – thanks to Supervisory Body pertinence in relation to the Company and by virtue of organizational positioning – between Company Supervisory Body and Company Board of Directors.

2.8.5 Structure

Implementing all principles within Company and considering Supervisory Body task specificity, the Company is willing to establish a Supervisory Body as a collegiate body, comprising 2 members; specifically, Supervisory Body comprises an external member, into whom the office of Chairman is vested, and an internal member, i.e. corporate Resins Division Quality Manager.

Therefore, corporate Supervisory Body comprises:

- Mr Daniele Ghedi, lawyer;
- Mr Marco Marini

Company Supervisory Body is entitled to rely upon a dedicated secretariat that is authorized to carry out operative support activities within the scope of full decision-making autonomy of the Body itself. Any operative activities to be carried out by the secretariat function to support company Supervisory Body are governed by adequate mandate or appointment.

Any externalisable tasks are relevant to technical activities, without prejudice to the obligation on the supporting function or any other external supporting party to report to the entity Supervisory Body. It is

evident that this kind of delegation does not indemnify entity Supervisory Body from the supervision function into which it has been vested.

Structure is deemed adequate to ensure the Supervisory Body is compliant with the required autonomy and continuity of action requirements.

2.8.6 Functions

Supervisory Body performs the duties set forth under Art. 6 and Art. 7 of Italian Law Decree no. 231/01; specifically, it carries out the following activities:

- Supervision and control;
- Monitoring of Code of Ethics implementation;
- Reviewing and updating of MOG 231;
- Reporting to corporate bodies.

2.8.6.1 Supervision and control

Supervisory Body primary function is uninterruptedly supervising MOG 231 functionality.

The Supervisory Body is required to supervise:

- Compliance with MOG 231 provisions by the relevant Recipients as regards crimes and offences under Italian Law Decree no. 231/01;
- Actual MOG 231 efficiency and efficacy as regards corporate structure and actual capability to prevent crime perpetration under Italian Law Decree no. 231/01.

In order to adequately carry out the above function, Supervisory Body is required to periodically check of single sensitive areas, thus verifying protocols have been actually adopted and correctly implemented, documentation envisaged under protocols has been drawn up and regularly updated, besides general efficiency and efficacy of MOG 231 measures and precautions adopted in compliance with crime perpetration prevention and hindrance set forth under Italian Law Decree no. 231/01.

In particular, the Supervisory Body is in charge of:

- Verifying actual and correct implementation of protocols set forth under MOG 231. Indeed, it is hereby highlighted that control activities are assigned to operation management primary responsibility and deemed integral part of each corporate process – therefrom the importance of personnel training process.
- Carrying out, also operatively supported by secretariat, periodical checks focussed on specific operations or specific acts, especially within the scope of sensitive activities; outcomes therefrom are summarized in a dedicated report whose contents are reported within the scope of communications to Company bodies, as described below;
- Collecting, processing and storing any information relevant to MOG 231;
- Monitoring any initiatives aimed at disseminating and understanding MOG 231.

2.8.6.2 Monitoring of Code of Ethics implementation

Supervisory Body monitors implementation of and compliance with Code of Ethics adopted by Company Board of Directors on 21 November 2019.

Supervisory Body supervises that Code of Ethics is disseminated, understood and implemented.

Supervisory Body submits any Code updating needs to Company Board of Directors.

2.8.6.3 Reviewing and updating of MOG 231

The Supervisory Body has the task of assessing the opportunity of amending MOG 231, submitting an adequate proposal to Company Board of Directors, if required as a result of:

- Significant violations of MOG 231 provisions;
- Significant changes in Company internal structure or corporate activity performance methods;
- Regulatory amendments.

In particular, the Supervisory Body is required to:

- Carry out investigations on corporate activities in order to update mapping of sensitive activities;
- Coordinate itself with the person responsible for staff and employees training programs;
- Interpret the relevant regulation concerning offences as well as guidelines eventually set out, also as updates of existing ones, and verify internal control system adequacy in relation to regulatory requirements or relating to *Confindustria* Guidelines;
- Verify MOG 231 updating needs.

2.8.6.4 Reporting to corporate bodies

The Supervisory Body is required to constantly relate with Board of Directors.

In particular, the Supervisory Body reports to the Board of Directors:

- Whenever necessary, if it is unable to reach a unanimous decision;
- Whenever necessary, on formulation of proposals for any MOG 231 updates and adjustments;
- Immediately, with regard to ascertained violations of MOG 231, whenever violations hereof may result in liability on the part of the Company, so that appropriate measures are taken. Whenever appropriate measures against Directors are required, the Supervisory Body must inform Company Shareholders' Meeting thereabout;
- Periodically, with regard to an information report, at least twice a year on verification and control activities carried out and their outcomes, as well as in relation to any critical issues emerged in terms of conduct or events that may affect MOG 231 adequacy or efficiency and effectiveness.

The Supervisory Body may be convened at any time by the aforementioned body or may in turn submit a request thereabout, to report on MOG 231 performance or specific situations.

2.8.6.5 Management of information flows

In order to facilitate control and supervision activities information flows to the Supervisory Body must be activated and guaranteed.

Therefore, it is necessary for the Supervisory Body to be constantly informed of what happens in the Company and of all relevant aspects.

Information obligations towards the Supervisory Body guarantee an orderly performance of supervision and control on MOG 231 efficiency and efficacy; they periodically concern information, data and news

detailed in Special Sections or furtherly identified by the Supervisory Body and/or request from Company functions.

Information hereof must be transmitted according to timeframes and methods detailed under Special Sections or by the Supervisory Body (information flows).

Information obligations towards the Supervisory Body also concern, on occasion basis, any other information, of any kind, concerning MOG 231 implementation in sensitive activities as well as compliance with provisions set forth under Italian Law Decree no. 231, which may be useful for the Supervisory Body to perform duties and in particular, in a mandatory manner,:

- Information concerning actual MOG 231 implementation, at any corporate level, with evidence of any imposed sanctions or notification about any disciplinary procedure archiving, with the relevant reasons therefor;
- Occurrence of new risks in areas under the control of various responsible parties;
- Reports or relations drawn up by various responsible parties within the scope of their control activities, from which events, acts or omissions may emerge with critical profiles with respect to compliance with Decree 231 or MOG 231 provisions;
- Any anomalies, atypical features or findings by corporate functions as regards control activities performed to implement MOG 231;
- Any measures and/or information from judicial police or other Public Authority, showing performance of investigations on crimes and/or offences under Decree 231, even if initiated against unknown persons;
- Internal relations from which responsibility for hypothesis of crime emerges;
- Reports or requests for legal assistance submitted of the Company by top management or corporate persons subject to the management of others in the event of commencement of a legal proceeding against them for one of the crimes set forth under Italian Law Decree no. 231/01;
- Reports by top management or corporate persons subject to the management of others about alleged violations and failures to comply with specific conduct precepts or suspicious attitude with reference to crimes and/or offences under Italian Law Decree no. 231/01;
- Reports by associates, agents and representatives, consultants and, in general, any self-employed workers, besides suppliers and partners (also in form of temporary association of companies as well as joint-ventures), and, more generally, by anyone who, under any title, operate within the scope of the so-called sensitive activities on behalf or in the interest of the Company.

The Supervisory Body is not required to verify all events hereof in a timely and systematic manner; therefore, it is not required to act any time a report is submitted, as it is left to the discretion and responsibility of the Supervisory Body itself to assess the cases the specific cases in which it is appropriate to carry out more detailed checks and interventions.

With reference to report transmission methods by top management or corporate persons subject to the management of others it is hereby highlighted that the obligation to inform the employer of any conduct in conflict with MOG 231 falls within the scope of employee's duty of diligence and duty of loyalty. Consequently, correct compliance with information obligation by the employee cannot give rise to disciplinary sanction imposition. On the other hand, any improper information, both in terms of content and form, determined by slander and/or libel intention is subject to adequate disciplinary sanctions.

In particular, the following provisions apply:

- Information and reports, regardless the person they came from, hereby included those relating to any violation or suspected violation of MOG 231 and its general principles and Code of Ethics principles, must be in writing and in any form, also anonymously. The Supervisory Body acts in such a way as to guarantee whistleblowers against any retaliation, discrimination or penalties and any other consequences therefrom, guaranteeing whistleblower's identity confidentiality, without prejudice to law obligations and protection of rights of the Company or any parties accused erroneously and/or in bad faith;
- Information and reports must be directly submitted to the Supervisory Body by the interested parties;
- The Supervisory Body evaluates any reports received; all parties subject to information obligations are required to collaborate with the Body itself, the aim being to allow collection of any additional information necessary for a correct and complete report evaluation.

Information flows and reports are stored by the Supervisory Body in a special computer and/or paper database. Data and information stored in the database are made available to External Parties provided prior authorization by the Supervisory Body, unless access is mandatory by under law provisions. The latter defines database access criteria and conditions by dedicated internal provision, as well as data and information storage and protection criteria and conditions, in compliance with rules and regulations in force.

2.8.7 Powers

Supervisory Body is entrusted with the following main powers:

- Self-regulation and definition of internal operative procedures;
- Supervision and control.

With reference to powers of self-regulation and definition of internal operative procedures, Supervisory Body has exclusive competency with respect to method concerning:

- Recording of its activities and resolutions;
- Communication and direct relationship with each company structure, as well as acquisition of information, data and documentation from the company structures;
- Coordination with Board of Directors and participation in the meetings of the mentioned bodies on the initiative of the Body itself;
- Organization of its supervision and control as well as representation of activity outcomes.

With reference to supervision and control powers, the Supervisory Body

- Has free and unconditional access to all Company functions – without the need for any prior consent – in order to obtain any information or data deemed necessary for task performance set forth under Italian Law Decree no. 231/01;
- Can freely dispose, without any interference, of its initial and period budgets the aim being to satisfy any needs necessary for task performance;
- If necessary, may rely upon – under its direct supervision and responsibility – the support of all Company structures;

- Similarly, in full decision-making autonomy and when specific skills are necessary and in any case to professionally fulfil its tasks, it can avail itself of operational support from any Company operating units or also of collaboration by professionals from outside the Company using its period budget for the purpose hereof. In these cases, External Parties merely support it on technical and consultancy basis;
- Can, after appropriate investigations and ascertainment and after having heard the violation perpetrating party, report the event in accordance with the rules laid down under the Sanction System adopted pursuant to Italian Law Decree no. 231/01, without prejudice to the process of formal complaint and penalty imposition by the employer.

2.8.8 Budget

For the purpose of furtherly strengthening autonomy and independence prerequisites, Supervisory Body relies upon an adequate initial and periodical budget previously resolved by Company Board of Directors and submitted by the Supervisory Body itself, considering its needs.

Supervisory Body can use the above economic resources in full autonomy, without prejudice to the need for budget accountability at least yearly, besides stating reasons for submitting the budget for the following period, within the scope of the periodical information report to be submitted to the Board of Directors.

2.9 Provisions concerning whistleblowing management

2.9.1 The role of Supervisory Body

In order to allow the implementation of provisions on protection of offence whistleblowing employees, the Supervisory Body, without prejudice to the possibility of forwarding any notifications in hierarchical subordination, is in charge of supervising and protecting report managing procedure, being already envisaged general information obligations concerning Model implementation and compliance with the provisions under Decree.

In particular, the following provisions apply:

- Top management parties or persons subject to the management of others or anyone collaborating or interacting with the Body under any title are required to directly submit any detailed reports about any relevant illicit conducts under Italian Law Decree no. 231/2001 they acknowledged by virtue of the functions carried out within the Body to the Supervisory Body; available submission methods are the following:
 - Sending a communication in writing to the dedicated e-mail address (segnalazioni@mpb.it);
 - Posting a communication in writing in paper form into the letter box (letter boxes located at cable conduits and at resins production sites).
- Once reports have been received, the Supervisory Body collects any additional information deemed necessary for a correct and complete report evaluation; for the purpose hereof, it can also rely upon all parties subject to information obligations thereabout, without jeopardizing the right to whistleblower's identity confidentiality;
- The Supervisory Body is not burdened by the obligation to promptly and systematically verify all potentially suspicious or illicit phenomena submitted to its attention. In fact, evaluation of specific cases in which it is appropriate to carry out more detailed checks and interventions is left to the discretion of the Body itself; the latter is not required to take into consideration any reports that appear in the first instance irrelevant, dismissed or not adequately substantiated on the basis of matters of fact.

- Therefore, there are two different possible scenarios:
 - 1 Whenever the Supervisory Body deems unnecessary to conduct internal investigations and to verify the report, it must draw up a reasoned report to be submitted to the Board of Directors (and to the Board of Statutory Auditors);
 - 2 Whenever, on the other hand, the Supervisory Body deems that report must result in ascertaining any illegal conduct or Organisation, Management and Control Model violation, it must notify the Employer thereabout in order to establish the disciplinary procedure against the employee pursuant to art. 7 of the Workers' Statute and in full compliance with the principle of cross-examination between the Parties, taking into account the specific legal status of the person against whom proceedings are being taken (top management, subject to the direction of others or Supervisory Body associate).
In view of Supervisory Body essential involvement in any procedure for imposing disciplinary sanctions, at the conclusion of the preparatory stage it is required to formulate non-binding opinions in relation to type and extent of sanction to be imposed therein.
- In any case, the Supervisory Body collects and stores all reports in a dedicated electronic and/or paper database. Data and information stored in the above database may be made available to External Parties provided prior authorisation by the Supervisory Body, unless access must be permitted by law.
- The Supervisory Body also sets forth, by means of a specific internal provision, database access criteria and conditions, as well as those for data and information storage and protection in compliance with laws and regulations in force;
- In order to guarantee whistleblower's identity confidentiality, Supervisory Body and any persons appointed to support it undertake to maintain the strictest confidentiality with regard to whistleblowing and not to disclose any information acknowledged in performing their duties. In particular, the Supervisory Body acts in such a way as to guarantee any report authors against any form of retaliation, discrimination or penalties and, more generally, against any negative consequence deriving from the same, ensuring the utmost confidentiality about whistleblower's identity. In any case, without prejudice to obligations imposed by law provisions and protection of rights of the Entity or subjects wrongfully and/or in bad faith and/or via slander and/or libel charged.

2.9.2 Nullity of retaliation and discrimination against the whistleblower

The offence whistleblower is entitled to report discrimination against him/herself to National Labour Inspectorate besides being entitled of the faculty to apply to his/her reference trade union directly, pursuant to Art. 2, paragraph 2-ter of Italian Law no. 179/2017.

In any case, pursuant to provisions set forth under Art. 2, paragraph 2-quater of Italian Law no. 179/2017, nullity of retaliatory or discriminatory dismissal, change of duties under Art. 2103 of Italian Civil Code ("Work performance") as well as any other retaliatory or discriminatory measure adopted against the whistleblower are applicable.

Furthermore, regulation hereof places the burden of proof on the employer – in the event of disputes connected with imposition of disciplinary sanctions, dismissals, transfers or submission of whistleblower to another organisational measure subsequent to report submission with direct or indirect negative effects on working condition – that such measures are based on reasons unrelated to the report itself (the so-called "reversal of the burden of proof in favour of whistleblower")

2.9.3 Loss of legal protection in case of whistleblower's bad faith

Protections granted to top management parties, persons subject to the management or supervision of others as well as to any parties collaborating with the Company, cease to exist when whistleblower's criminal liability for libel and/or slander, defamation or other offences actually ascribable to report falsehood is ascertained, even if only by a first-degree sentence. Likewise, protection granted to whistleblower is not guaranteed if the latter is held liable in civil proceedings for reports made in bad faith, supported by intent or gross negligence.