



**ORGANISATION, MANAGEMENT  
AND CONTROL MODEL**

**Pursuant to Italian Legislative Decree no. 231 of  
8<sup>th</sup> June 2001 and subsequent amendments  
and additions**

*Approved on 20/10/2010*

## Contents

|   |     |    |
|---|-----|----|
| Definitions   | pg. | 2  |
| <br><b><u>General Part</u></b>  |     |    |
| 1. Legislative Decree no. 231/2001  | pg. | 4  |
| 2. Organisation, Management and Control Models                              | pg. | 6  |
| 3. Adoption of the Organisation Model by Losma S.p.A                        | pg. | 7  |
| 4. Losma S.p.A. Code of Ethics  | pg. | 8  |
| 5. Identification of Processes at Risk                                      | pg. | 8  |
| 5.1. Criteria   | pg. | 8  |
| 5.2. Regulated Processes  | pg. | 9  |
| 6. Recipients   | pg. | 11 |
| 7. Dissemination, Communication and Training                                | pg. | 11 |
| 8. Supervisory and Control Body   | pg. | 12 |
| 8.1. Exercise of control powers   | pg. | 13 |
| 8.2. Reporting breaches of the Organisation Model                           | pg. | 13 |
| 8.3. Verifying the efficacy and constant updating of the Organisation Model | pg. | 14 |
| 8.4. Information flow to the Supervisory Board                              | pg. | 14 |
| 9. Disciplinary System  | pg. | 15 |
| 9.1 General Principles  | pg. | 15 |
| 9.2 General Criteria for the Imposition of Sanctions                        | pg. | 15 |
| 9.3 Employees and Workers   | pg. | 16 |
| 9.4 Upper Management  | pg. | 18 |
| 9.5 Associates and Advisors   | pg. | 19 |

## DEFINITIONS

### **Legislative Decree**

Italian Legislative Decree no. 231, of 8<sup>th</sup> June 2001, entitled *“Regulations governing the administrative responsibility of legal persons, companies and associations even devoid of legal status, in accordance with art. 11 of Italian Law no. 300 of the 29<sup>th</sup> September 2000”* published in the Official Gazette of the Italian Republic no. 140 on the 19<sup>th</sup> June 2001, as well as subsequent amendments and additions, including Italian Law 146/2006 which refers to its application in article 10.

### **Recipients**

All the parties to whom this Organisation Model is aimed towards and all those, in various capacities, required to adhere to it.

### **Responsible Company Department**

The department which is assigned the application of a protocol, or appointed to carry out a specific role or to complete a determined action.

### **Entity**

Legal person, company or association, even devoid of legal status.  
In this Organisation Model: Losma S.p.A.

### **Crimes**

Crimes which, if committed, may entail the Entity's administrative liability.

### **Administrative Offences**

Offences stipulated in Italian Law no. 62 of the 18<sup>th</sup> April 2005 which, if committed, may entail the Entity's administrative liability.

### **Organisation Model**

Body of principles, rules, provisions, organisational schemes and related tasks as well as appropriate responsibility in preventing offences, as stipulated by articles 6 and 7 of the Legislative Decree.

### **Supervisory Control Body (SCB)**

The body, as stipulated by article 6 of the Legislative Decree, with the task of supervising the functioning of and compliance with the Organisation Model, as well as updating it.

### **Principles of Conduct**

The general principles of conduct which the Recipients must adhere to when working under the Organisation Model.

**Processes at Risk**

Business activities, or phases of them, which when carried out may give rise to unlawful acts (administrative crimes or offences) under the Legislative Decree.

**Protocol**

Specific procedure for the prevention of crimes and administrative offences and for the identification of the parties involved in the phases at risk within company processes.

**Quotas**

Quantification of the financial penalty in relation to the seriousness of the offence. The unitary value of the quota is set according to the Entity's economic situation and assets. The penalty cannot be below 100 and above 1000 quotas.

**Disciplinary System**

Set of sanctioning measures against those who do not comply with the Principles of Conduct and the Protocol contained in the Organisation Model.

**Upper Management (so-called Top-Level parties)**

Chief Executive Officer and other parties who manage the Entity.

## GENERAL PART

### 1. LEGISLATIVE DECREE No. 231/2001

---

The Italian Legislative Decree no. 231, of 8<sup>th</sup> June 2001 (published in the Official Gazette of the Italian Republic no. 140 on the 19<sup>th</sup> June 2001) containing the *“Regulations governing the administrative responsibility of legal persons, companies and associations even devoid of legal status”* came into force in Italy on the 4<sup>th</sup> of July of the same year, in partial implementation of delegated Law no. 300 (article 11) of 29<sup>th</sup> September 2000.

The implementation of the Decree is set in a national legislative context of implementing international obligations and has introduced to our system, for the first time, direct liability of the entity following the commission of a series of crimes or administrative offences by parties related to the entity by means of a working relationship.

The original text of the Decree took into consideration a limited range of crimes whose commission launched the resulting and independent administrative liability of the entity.

Following this, the list of relevant cases was broadened and extends, today, to numerous possible offences subject to analytical description below.

The entity is liable if the crime or administrative offence is committed in its interests or to its advantage. (article 5, paragraph I).

Conversely, the Entity is not involved if the perpetrator acts solely in their own interests or those of a third party (article 5, paragraph II).

The working relationship that connects the perpetrator of the crime to the legal person can be one of representation, subordination or collaboration, within the limits stipulated by the Decree.

If the perpetrator of the crime or administrative offence is an individual that plays a role of representation, administration, management or control of the entity or one of its organisational units with financial and operational autonomy, as well a person who carries out, even de facto, the management and control of the entity, the entity itself is presumed liable.

This is in consideration of the fact that the individual expresses, represents and carries out the managerial policy of the entity.

There is no presumption of liability for the company if the perpetrator is a person being managed or under supervision of one of the parties listed above. In the latter case, the Decree connects the involvement of the entity to non-

fulfilment of management and supervision duties that are typically the responsibility of the upper management (article 7, Paragraph I). Failure to carry out the management and supervision obligations shall not apply where *“The entity, before the commission of the offence, has adopted and effectively put into place an Organisation Model...”* (article 7, paragraph II).

The liability of the entity is only additional and does not replace that of the individual, who is held to account under criminal law.

The criminal Judge competent for the (alleged) crimes that concern individuals (article 36) is in charge of the oversight of the administrative liabilities and sanctions applied to the entity. The regulations of the Code of Criminal Procedure (article 34) are applied where applicable.

The legislator provides for a penalty system involving, for a declaration of responsibility, the application to the legal person of a financial penalty based on a quota system (article 10).

Alongside the financial penalty, in more serious cases stipulated under the regulation (article 13), prohibitory sanctions (article 9, paragraph II) may also be applied, such as:

- Ban on performing the activity;
- suspension or revocation of authorisations, licences or concessions functional to committing the offence;
- ban on negotiating with the Public Administration, except to obtain provision of a public service;
- exclusion from grants, loans, contributions or subsidies and the possible revocation of those already given;
- ban on advertising goods or services.

Furthermore, the Decree stipulates that- if there is substantial evidence of entity's liability and there are justified and specific elements that seem to indicate the danger of a possible commission of offences of the same nature - prohibitory measures can be applied during the investigation process, by request of the Public Prosecutor, including as a precautionary measure (article 45).

Alongside the sentence there is the further mandatory sanction of the confiscation of the price or the profit of the crime, except in cases where it can be returned to the victim. (article 19).

Finally, the application of a prohibitory sentence may also include the publication of the sentence, only once and at the expense of the entity, in one or more newspapers indicated by the Judge in the sentencing (article 18).

If specific conditions exist where prohibitory measures are applied that involve the entity being banned from carrying out its business activities, the Judge has the right to appoint a Commissioner to supervise the business activities for a period equal to the duration of the banning measures that would have been applied (article 15)

The profits that derive from the continuation of activity are confiscated.

The entity may be held liable for conduct carried out abroad provided that

a) The perpetrating party is functionally connected to the entity;

- b) the entity has its main office in Italy;
- c) the Country in which the offences were committed does not directly take action against said individual. (article. 4).

This framework also applies to foreign companies operating in Italy, regardless of whether or not regulations that govern the same matter in similar ways exist in the other country.

## 2. ORGANISATION, MANAGEMENT AND CONTROL MODELS

---

The presumed administrative liability of the legal persons is based upon an organisational shortcoming that makes the perpetration of a crime possible.

The Legislative Decree provides a specific form of exemption of liability for the entity if (article 6, paragraph I):

- a) the management body has adopted and effectively put in place “*organisation, management and control models*” suitable for preventing the offence;
- b) the task of supervising the functioning and compliance with the models as well as updating them, is entrusted to an *organisation within the Entity equipped with autonomous powers of initiative and control*;
- c) the persons who committed the crime acted by *fraudulently eluding* the aforementioned organisation, management and control models;
- d) there was no *omitted or insufficient supervision* by the body listed in letter b) above.

The relevance of the Organisation Model is twofold. On one hand, it serves as a criterion for exemption from criminal liability (if effectively adopted prior to the “issue” arising), on the other hand it represents a tool for mitigating the consequent sanctions following the assessment of the entity’s liability (if adopted *post factum*).

An Organisation Model must possess the following structural requirements: Efficacy (suitability of control mechanisms to identify the abnormal operations), specificity (precise identification of the areas at risk, and the financial management procedures, and in cases of prior illegal activities, the focus of the control systems taking into account the history of the company), and relevance (the constant adaptation of the procedures including in relation to the constant growth of the regulatory framework which sanctions more and more crimes).

The Organisation Model is the set of behavioural rules (Principles of Conduct) and operative rules (Protocols) whose compliance - in the performance of activities within the Processes at Risk -enables the prevention of illegal, incorrect and irregular conduct.

The standards of conduct, as well as the protocols contained within the document aim to make Recipients aware of the conduct to be followed in the context of processes at risk and to identify the responsible parties as well as those involved.

The Organisation Model provides for obligations for informing the Body responsible for the supervision of its functioning and compliance, and also provides for a suitable disciplinary system for sanctioning the Recipients who do not comply with the regulations contained within.

### **3. ADOPTION OF THE ORGANISATION MODEL BY LOSMA S.P.A.**

By adopting the Organisation Model, Losma S.p.A. has set the objective of equipping itself with a set of Principles of Conduct, as well as Protocols. In the system of allocation of tasks and the delegation of power as well as the internal procedures, these meet the aims and regulations required by the Legislative Decree and by its successive amendments for the prevention of crimes and administrative offences.

Losma S.p.A. drew up its Organisation Model following a process during which it took into account, as well as some indications of the Decree, of the Confindustria guidelines, as updated over time, and the laws formed on the matter.

The Organisation Model was adopted by the Losma S.p.A Board of Directors with the resolution of 20/10/2010.

This Losma S.p.A. Organisation Model is formed of a General Part and then a series of Special Parts which identify and regulate the Processes at Risk.

### **4. LOSMA S.P.A. CODE OF ETHICS**

In Losma S.p.A. there is a Code of Ethics in place, which contains the principles representative of the company philosophy that inspires the choices and conduct of everyone that, in various capacities and levels, acts on behalf and in the interests of the company.

The provisions of the Organisation Model are inspired by the general principles found in the Code of Ethics and are integrated and compatible with the same.

### **5. IDENTIFICATION OF PROCESSES AT RISK**

#### **5.1 CRITERIA**

Article 6, paragraph II, letter a) of the Legislative Decree explicitly states that the Organisation Model must *"identify the activities in which crimes can be committed"*. For this reason, Losma S.p.A has carried out an analysis of the company activities, the processes for training and implementation of the decisions within the single areas, as well as the existing control procedures.

This analysis was carried out by Losma S.p.A., also making use of external professionals, through examining the company activity and main



documentation (powers of attorney, organisational provisions etc.) and through a series of interviews with the main people in charge of the various roles.

As part of the checks mentioned above Losma S.p.A:

- a) Identified the company activities in which crimes and administrative offences could theoretically be committed;
- b) Analysed the potential risk of crimes as well as the possible ways they could be committed;
- c) Identified the parties and company tasks concerned;
- d) Defined, and where necessary adapted, the internal control procedures.

## 5.2 REGULATED PROCESSES

At the end of the checks listed in 5.1, Losma S.p.A. identified the company activities or the phases of these activities in which crimes and/or administrative offences could possibly be committed: the Processes at Risk.

In the current version of the Organisation Model the Processes at Risk are identified, in relation to the Legislative Decree, and consequently, regulated in order to prevent crimes and/or administrative offences (see the following special parts), as the following areas of activity:

### Special Part A

*Articles 24 and 25 of the Legislative Decree (crimes against the Public Administration) in relation, in particular, to articles 640, 640ter, 317, 318, 319, 319ter, 320, 322 of the Italian Criminal Code.*

1. Relations with the Public Administration in particular for:
  - Obligations and communication towards the Public Administration for the request and management of public funding;
  - Management of checks, inspections, assessments, controls and similar activities put in place by the Public Administration;
  - Selection and employment of personnel.

### Special Part B

*Article 25ter of the Legislative Decree (corporate offences) in particular relation to articles 2621 and 2622 of the Italian Civil Code*

1. Preparation of economic, equity and financial data for subsequent communication as well drafting of the financial statements, the management report and other business communications.

### Special Part C

*Article 25septies of the Legislative Decree (breach of regulations on safety in the workplace) in relation to articles 589 and 590, paragraph III, of the Italian Criminal Code*

1. Control system to verify the obligations in the prevention of accidents in the workplace and, in general, health and safety risks for the workers.

### Special Part D

*Article 25octies of the Legislative Decree (financial crimes) in relation to articles 648, 64bisa and 648ter of the Italian Criminal Code*

1. Management of financial aspects of activities (income and payments);
2. Method of selection and management of suppliers of good and services (which include professional advice, maintenance, agency contracts etc.)
3. Performance of sponsoring activities carried out in order to promote or improve the company image.

Losma S.p.A. thought it superfluous to carry out analyses and checks on company activities in relation to the crimes listed below, as the company activity undertaken makes the probability of them being committed extremely unlikely:

- Forgery of Cash, Public Credit Cards and Stamp Duties: articles. 453, 454, 455, 457, 459, 460, 461, 464 of the Italian Criminal Code (article 25 *bis* of the Legislative Decree)
- Crimes associated with terrorism or subversion of democracy (article no. 25 *quarter* of the Legislative Decree) with generic reference, regarding the identification of the individual cases, in the Italian Criminal Code and the special laws.
- Crimes against the person and public safety: articles. 583*bis*, 600, 600 *bis*, 600 *ter*, 600*c*, *quarter* 600 *quinqüies*, 601 and 602 of the Italian Criminal Code (article 25 *quinqüies* of the Legislative Decree)
- Crimes against international law: article 10 of the Italian Law no. 146 of 16.3.2006

## **6. RECIPIENTS**

This Organisation Model is intended for all those parties operating in Losma S.p.A., whatever the relation that connects them to the company, and that:

- a) carry out roles of representation, administration or management of the Company
- b) Are subject to management or supervision of one the parties above.

Furthermore, the definition of Recipients of the Organisation Model also includes those parties who from time to time, despite not being part of the structure of Losma S.p.A., act in its interests,

## **7. DISSEMINATION, COMMUNICATION AND TRAINING**

The Board of Directors, making use of the company structures, informs all Recipients of the existence and content of the Organisation Model and, coordinating with the Supervisory and Control Body, promotes initiatives for the dissemination and awareness of the Organisation Model and subsequent training, also referring to subsequent amendments and additions.

Training - intended to prevent the commission of crimes through the distribution of the knowledge of the Decree, the Principles of Conduct and the Protocols - is structured based on the Recipient's position in the company, the level of risk in the area in which they work, and whether or not they carry out

roles of representation, administration and management of Losma S.p.A..

Losma S.p.A. has organised a series of training meetings to make the Recipients aware of the rules of conduct, the importance of respecting them and the awareness of the company about these organisational tools, and that brings the Recipients up to date with regard to any amendment or addition to the regulations.

Participation in the training programmes is documented.

## **8. SUPERVISORY AND CONTROL BODY**

Article 6, paragraph I, letter b) of the Decree stipulates that the entity must be exonerated from the liability resulting from the commission of the crimes indicated (once a suitable organisation model is adopted) if a specifically identified body is entrusted with the supervision on the functioning and compliance with the Model, as well as seeing to its updating.

The Board of Directors of Losma S.p.A., with the same resolution with which it adopted the Organisation Model, appointed the Lawyer Gianmaria Palminteri as the Supervisory and Control Body, who is entrusted with the essential task of constant monitoring of that listed above.

The SCB must meet the requirements of integrity and professionalism required of the company representatives, as well as not being incompatible or holding a conflict of interests due to significant patrimonial or familiar relations with Losma S.p.A., its representatives or the parties in upper management held currently or in the 3 years preceding the appointment.

The SCB reports directly to the Board of Directors.

In carrying out its work the SCB can make use of internal and external professional resources. The SCB periodically reports its intervention plan to the Board of Directors, identifying the activities that will be carried out and the areas which will be checked.

For the specific purposes of supervision and control, the Board of Directors, also taking count of the activities of the SCB, allocates it an annual expenditure budget for carrying out its activities, in full economic and managerial autonomy.

This budget will be adapted from time to time according to the specific needs that will be determined.

Potential exceedance of the determined budget due to specific needs must be communicated by the SCB to the Board of Directors.

The characteristic role of supervision and control of the SCB is explained in general terms through the following activities.

### **8.1. EXERCISE OF CONTROL POWERS**

At any time, within its own autonomy and at its own discretion, the SCB may proceed to practices of control and supervision regarding the application of the Organisation Model.

In exercising these powers the SCB will be able to request to consult the documentation concerning the activity carried out by the individual departments and the parties responsible for the Processes at Risk subject to control and/or verification, taking copies if necessary, as well as carry out interviews and request written reports. In the course of these operations it must keep the management of the relevant department informed.

In particular, the following are envisaged:

- a) Checks to individual acts: to this end the SCB will periodically proceed to check the acts and contracts relative to the Processes at Risk, according to the methods identified by the same;
- b) Checks to the protocols: to this end it will periodically check the efficacy and implementation of the protocols of this Organisation Model
- c) Checks to the level of knowledge of the Organisation Model: to this end the SCB will check the level of understanding and analyse the requests for clarification or the reports received.

The SCB, after carrying out these checks, reports any observations and/or suggestions to the departments concerned.

The actions undertaken by the SCB are documented, also in a summary form. The relative documentation must be held by the SCB itself so as to ensure its confidentiality, also in respect of regulations concerning protection of personal data (Italian Legislative Decree no. 196/03).

### **8.2. REPORTING BREACHES OF THE ORGANISATION MODEL**

If the SCB, in the course of its supervision and control, observes non-compliances or breaches of the Organisation Model, or if non-compliances or breaches are reported to it by other company departments, it must promptly work to put the procedures in place stipulated by the Disciplinary System against the party responsible for the breach.

### **8.3. VERIFYING THE EFFICACY AND CONSTANT UPDATING OF THE ORGANISATION MODEL**

The SCB, by coordinating with the management of the Company Departments relevant to the control, verifies the efficacy and suitability of the Organisation Model in preventing the commission of crimes referred to in the individual Special Parts.

After the checks carried out, the regulatory amendments and the court rulings put into force from time to time, as well as potential occurrence of new Processes at Risk, the SCB assess the necessary adjustments and updates of the Organisation Model.

#### **8.4. INFORMATION FLOWS TO THE SCB**

All information and documents that refer to the Processes at Risk identified and regulated by the Principles of Conduct and by the Protocols in must be brought to the attention of the SCB, in the manner stipulated in the Special Parts.

Furthermore the SBC must be informed, through appropriate reports by the Recipients, of any events that may cause Losma S.p.A to be liable under the Legislative Decree or breaches of the Organisation Model.

Losma S.p.A. guarantees respect for the general obligations of confidentiality established by law.

The Recipients must supply the SCB with all information concerning to measures arising from the Judiciary Authority, from Judicial Police bodies or from any other Public Authority, which demonstrates the performance of investigative activities for one of the relevant cases under the Legislative Decree regarding Losma S.p.A and/or the Recipients, guaranteeing the general obligations of confidentiality established by law at all times.

### **9. DISCIPLINARY SYSTEM**

#### **9.1 GENERAL PRINCIPLES**

This Disciplinary System is adopted in accordance with article 6, paragraph II, letter e) and article 7, paragraph IV, letter b) of the Legislative Decree.

The system itself is aimed at sanctioning failure to comply with the Principles of Conduct and the Protocols envisaged within the Organisation Model and, in accordance with article 2106 of the Italian Civil Code, it integrates, for all elements not covered and limited to the cases contained therein, the sector Collective National Labour Contracts (CCNL) applicable to employees.

The imposition of disciplinary sanctions due to breaches of the Principles of Conduct and the Protocols indicated in the Organisation Model, is carried out regardless of the possible initiation of a legal procedure and the outcome of the consequent judgement for the commission of one of the crimes provided for in the Legislative Decree.

#### **9.2. GENERAL CRITERIA FOR THE IMPOSITION OF SANCTIONS**

In the cases in which the SCB OBSERVES the non-compliance or the breaching of the Organisation Model, the type and the nature of the sanctions will be applied proportional to the seriousness of the wrongdoing and, in any case, in consideration of the following:

- a) Subjective element of the behaviour, according to intention and culpability;
- b) significance of the obligations breached;
- c) Level of hierarchical and/or technical responsibility;
- d) Presence of aggravating or mitigating circumstances with particular regard to professionalism, to past working experience, to the circumstances in which it was committed and to potential recurrences;

- e) Potential share of liability amongst other parties who contributed to the wrongdoing;
- f) Conduct which may compromise, even only potentially, the efficacy of the Organisation Model.

If several breaches, punished with different sanctions, are committed with just one act, the most severe sanction may be applied.

The potential imposition of the disciplinary sanctions, regardless of potential judicial procedures and/or the outcome of any criminal judgement, must be carried out promptly, as far as possible.

### **9.3. EMPLOYEES AND WORKERS**

Under the combined provisions of article 5, letter b) and article 7 of the Legislative Decree, without prejudice to the prior notification and the procedure prescribed in article 7 of Italian Law no. 300 of the 20th May 1970 (so-called Workers' Statute), the sanctions laid out in this section may be applied, taking account of the general criteria above for employees and workers.

#### **9.3.1. Breaches**

Sanctions may be applied for the following breaches:

- a) Failure to comply with the Principles of Conduct and Protocols indicated in the Organisation Model
- b) Lack of, or falsified evidence of activities relative to the methods of documentation, storage and control of acts relevant to the Protocols, in such a way as to impede the transparency or verifiability of the same;
- c) Breach and/or elusion of the control system, through the subtraction, destruction or alteration of the documentation provided for by the Protocols, or rather impeding the responsible parties and the SCB from the control or access to requested information and documentation;
- d) Non-compliance with the provisions concerning the signatory powers and the system of attribution of powers;
- e) Lack of supervision of lower level employees by those higher up in the company hierarchy concerning the correct and effective application of the Principles of Conduct and the Protocols indicated in the Organisation Model.

This list is to be used as an example and is non exhaustive.

#### **9.3.2. Sanctions**

The commission of disciplinary offences, as referred to the previous paragraph, is sanctioned with the following disciplinary provisions, based upon the seriousness of the violation:

- a) Verbal warning;
- b) Written warning;
- c) A fine of up to the equivalent of four hours salary;
- d) Suspension of pay and work for up to 10 days;
- e) Dismissal without notice.

**a) Verbal warning**

Verbal warning may be given for slight breaches of the Principles of Conduct and/or the Protocols found provided for by the Organisation Model or procedural errors due to negligence.

**b) Written warning**

Written warnings may be given for repeat occurrences of the breaches listed in letter a).

**c) Fine**

As well as in cases of repeat offences for which written warnings may be given, fines can also be applied in the cases of breach or negligence where the level of technical or hierarchical responsibility, or in the presence of aggravating circumstances, could compromise, even if only potentially, the efficacy of the Organisation Model.

**d) Suspension from work without pay**

The sanction of suspension from work without pay, up to ten days, may be given in the cases of serious breach of the Principles of Conduct and/or the Protocols, that make the Company liable against third parties, as well as repetition of offences for which the fine may be applied.

**e) Dismissal without notice**

The sanction of dismissal without notice may be given for offences that are so serious that the relationship of trust with the company is no longer possible and therefore does not enable the continuation of employment, even on a temporary basis. The following list gives examples and is non-exhaustive:

- i. Breach of the Principles of Conduct and Protocols with an external impact and/or fraudulent elusion of the same, carried out with a conduct aimed at the commission of a crime as stipulated under the Legislative Decree;
- ii. breach and/or elusion of the control system, through subtraction, destruction or alteration of documentation provided for by the Protocols or impeding for the parties responsible and the SCB in their control or access to requested information or documentation.

If the worker has committed one of the offences which are punishable by dismissal, the Company may immediately suspend him/her as a precautionary measure.

In those cases where the Company decides to proceed to dismissal, it will take effect from the day in which the precautionary suspension started.

## **9.4 UPPER MANAGEMENT**

The sanctions indicated in this paragraph, may be applied to upper management, as defined above: the Chief Executive Officer and those who, even de facto, exercise management of the entity.

### **9.4.1. Breaches**

The sanctions listed in this paragraph may be applied to the following cases of breaches by the aforementioned parties:

- a) Non-compliance with the Principles of Conduct and the Protocols contained within the Organisation Model
- b) Breach and/or elusion of the control system, through the subtraction, destruction or alteration of the documentation provided for by the Protocols or impeding for the parties responsible and the SCB in their control or access to requested information or documentation;
- c) Breach of provisions relating to signatory powers of signature and, in general, the system of attribution of powers, except for cases of necessity or urgency, in which case details must promptly be given to the CEO;
- d) breach of the obligation to supply information to the SCB and/or potential high ranking parties concerning conduct relating to the commission of a crime as stipulated under the Legislative Decree;

The list of offences provides an example and is non-exhaustive.

### **9.4.2. Protective measures**

According to the seriousness of the offence, and the relevant decision of the CEO, protective measures may be applied, as stipulated by the current regulations including the suspension of powers and/or the tasks assigned to the party.

Regardless of the application of the protection measure it is still, however, the responsibility of the company to propose compensation and/or liability actions.

## **9.5 ASSOCIATES AND ADVISERS**

For those who, as associates and advisers of the Company and who are subject to coordination and supervision by the same, have violated the rules of the Organisation Model indicated below, will be subject to the termination of the right to a contractual relationship under article 1456 of the Italian Civil Code. There may also be the potential request by Losma S.p.A for compensation for damages.



### 9.5.1 Breaches

The provisions of this paragraph can be applied in the event of breaches by the abovementioned parties, consisting of:

- a) Breach of the Principles of Conduct and Protocols relevant to the purpose of the appointment, with an external impact or breach of the same carried out with a direct conduct aimed at the commission of a crime as stipulated under the Legislative Decree;
- b) Breach and/or elusion of the control system, through the subtraction, destruction or alteration of the documentation provided for by the Protocols or impeding for the parties responsible and the SCB in their control or access to requested information or documentation;
- c) Lacking, incomplete or non-truthful documentation of activities undertaken, as such impeding their transparency and verifiability.

\* \* \*