





**VETROELITE S.R.L.**

**ORGANISATION, MANAGEMENT AND CONTROL MODEL**

**ITALIAN LEGISLATIVE DECREE 231/2001**

**GENERAL SECTION**

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## INDEX

Definitions .....	4
Introduction .....	9
Chapter 1 - Description of the regulatory framework .....	11
1.1. Administrative liability of entities .....	11
1.2. Conditions for the liability of entities .....	12
1.2.1. Predicate offences .....	12
1.2.2. The interest or advantage of the entity .....	13
1.2.3. Perpetrators of the offence: subjects in "senior" positions and "subordinate" subjects .....	13
1.2.4. Offences committed abroad .....	14
1.3. Penalty system .....	14
1.3.1. Financial penalties .....	14
1.3.2. Disqualification penalties .....	15
1.3.3. Publication of the judgement .....	16
1.3.4. Confiscation .....	16
1.4. Exclusion of entity liability .....	17
1.5. The Organisation, Management and Control Model .....	17
1.5.1. Guidelines of trade associations .....	18
Chapter 2 - Vetroelite's Corporate Structure .....	21
2.1. VETROELITE S.r.l. ....	21
2.2. Organisational structure and roles .....	21
2.2.1. Vetroelite's corporate governance and system of powers and proxies .....	21
2.2.2. Corporate structure .....	22
Chapter 3 – The Vetroelite Model .....	25
3.1. The VETROELITE S.r.l. project .....	25
3.2. The functions and objectives of the Vetroelite Model .....	25
3.3. Preparatory activities for the adoption of the Model .....	26
3.4. Structure of Vetroelite's Organisation, Management and Control Model .....	27
3.4.1. The organisational structure of VETROELITE .....	28
3.4.2. Control principles .....	28
3.4.3. Cash flow management system .....	29
3.4.4. Prevention principles and protocols .....	29
Chapter 4 - The Supervisory Body .....	31
4.1. The Supervisory Body of VETROELITE S.r.l. ....	31
4.2. General principles relating to Vetroelite S.r.l.'s Supervisory Body .....	32
4.2.1. Appointment and termination of office .....	32

4.2.2. Grounds for ineligibility and disqualification from office .....	32
4.2.3. Renunciation, replacement and revocation .....	33
4.2.4. Discipline of the Supervisory Body .....	33
4.2.5. Conflicts of interest .....	33
4.2.6. Remuneration and reimbursement of expenses .....	33
4.2.7. Spending powers .....	34
4.3. Functions of the Supervisory Body .....	34
4.3.1. Tasks and powers of the Supervisory Body .....	34
4.4. Information flows vis-à-vis the Supervisory Body .....	35
4.4.1. Information flows to the Supervisory Body .....	36
4.4.2. Information flows from the Supervisory Body .....	37
4.4.3. Reports .....	37
4.5. Information management .....	39
Chapter 5 - Code of Ethics .....	40
5.1. The Vetroelite S.r.l. Code of Ethics .....	40
5.2. Purpose of the Code of Ethics .....	40
5.3. Structure of the Code of Ethics .....	40
Chapter 6 - Dissemination of the Model and staff training .....	41
6.1. Introduction .....	41
6.2. Communication .....	41
6.3. Training .....	41
6.3.1. Senior positions .....	42
6.3.2. Subordinates .....	42
Chapter 7 - Disciplinary System .....	43
7.1. Function of the disciplinary system .....	43
7.2. Violations of the Model and related penalties .....	43
7.3. Measures against senior positions .....	44
7.3.1. Members of Corporate Bodies .....	44
7.3.2. Executives .....	45
7.4. Measures against subordinates .....	45
7.5. Measures against third parties .....	46
7.6. The disciplinary procedure .....	46
Chapter 8 - Updating the Model .....	49

## DEFINITIONS

**Sensitive activities:** Activities carried out by Vetroelite S.r.l. in which there is a risk, even if only potential, of committing any of the Predicate Offences referred to in Italian Legislative Decree 231/2001.

**Code of Ethics (the "Code"):** Vetroelite S.r.l.'s Code of Ethics adopted pursuant to Italian Legislative Decree 231/2001 and forming an integral part of its Organisation and Management Model. The Code includes the general principles and values the COMPANY aspires to, as well as the rules of conduct to which it complies in the performance of its activity and in any kind of interactions with third parties.

**Collaborators:** ALL PERSONS WHO - FOR ANY REASON - HAVE collaborative relationships with the company Vetroelite S.r.l., who perform intellectual or manual activities, such persons working in operational autonomy, excluding those under official employment but within the framework of a unitary and continuous relationship with the work provider.

**Organisation negligence:** A subjective reprimand issued to the entity pursuant to Italian Legislative Decree 231/2001 in the event of the commission of a Predicate Offence in their own interest or to their own advantage and committed by someone in a senior or subordinate position. In such cases, the entity is accused of not having adopted adequate internal regulations (in particular, sufficient organisational controls) to prevent the commission of a Predicate Offence in the performance of their business activities.

**Consultants:** Any subject who performs their activity in the name and/or on behalf of - or in any case in favour of - VETROELITE S.R.L. by virtue of a specific mandate or other contractual relationship (e.g., contract for intellectual work).

**Outsourcing contract:** Agreement whereby one party (the outsourcee or principal) transfers certain functions to another party (outsourcer) necessary for the achievement of the business purpose.

**Corporate Governance:** The set of principles, institutions and mechanisms through which the most important business decisions, necessary for the company's operation, are developed.

**CCNL:** National Collective Labour Agreement currently in force and applied by VETROELITE S.r.l.

**Italian Legislative Decree 231/2001 (the "Decree"):** Italian Legislative Decree 231 of 8 June 2001, which establishes the "*Rules on the administrative liability of legal persons, companies and associations, along with those without legal personality*" and subsequent amendments and additions.

**Italian Legislative Decree 231/2007:** Italian Legislative Decree 231 of 21 November 2007 implementing Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and Directive 2006/70/EC laying down the implementing measures thereof and subsequent amendments.

**Employees:** Persons having a subordinate working relationship with Vetroelite S.r.l., including executives.

**Executives:** Individuals who, by virtue of their professional skills and hierarchical and functional powers appropriate to the nature of the task conferred thereon, implement the directives of the employer by organising and supervising the work activities.

**Secondment:** An arrangement whereby an employer (as the seconding party), in order to satisfy its own interests, temporarily makes one or more workers available to another party (seconded) for the performance of a specific work activity.

**Risk Assessment Document ("R.A.D."):** A document drawn up by the employer reporting on the assessment of occupational risks to health and safety along with the criteria for such an assessment, an outline of the prevention and protection measures and the recommended Personal Protective Equipment resulting from such an assessment, the plan of measures considered necessary to ensure the improvement of safety levels over time, an identification of the procedures for implementing the measures to be carried out as well as the roles in the corporate organisation that must provide for such, the name of the Prevention and Protection Service Manager, of the Workers' Safety Representative and the occupational physician to have participated in the risk assessment, as well as the identification of the tasks, if any, which expose workers to specific risks that require recognised professional skills, specific experience along with adequate education and training.

**Entities:** Subjects other than natural persons, such as companies and associations, including those without legal personality, as well as institutions having legal personality.

**Public functionary:** Any public official or person responsible for a public service within the meaning of art. 357 and art. 358 of the Italian Criminal Code.

**Administrative offence dependent on crime:** An unlawful act which gives rise to the "administrative" liability of entities pursuant to Italian Legislative Decree 231/2001, and thus the application of the relevant penalties, consisting of the commission of a Predicate Offence in the interest or to the advantage of the entity and by a person in a senior or subordinate position in the entity – the occurrence of an administrative offence dependent on a crime may be made possible by a more or less pronounced fault of the organisation.

**Public Service Officer ("PSO"):** A person who, in any capacity, provides a public service, to be understood as an activity governed in the same way as a public function, thus regulated by rules of public law and authoritative acts (e.g., a concession deed) but characterised by a lack of powers (authoritative, certifying and deliberative) typical of the latter and by the absence of participation in the formation and manifestation of the will of the public administration (see art. 358 of the Italian Criminal Code). A service does not constitute a public service if it involves the performance of clerical tasks (ergo, purely executive and without autonomy or discretion) or the performance of purely material work, thus a Public Service Officer is considered such if they perform a "general" or intellectual function. By way of example, as a general rule, the concessionaire qualifies as a PSO when carrying out the activity entrusted under the concession (case law has recognised a PSO the manager of a private company responsible for collecting municipal taxes, or the manager of a public landfill site operating under administrative authorisation).

**Financial interests of the European Union:** All revenue, expenditure and assets that are covered or acquired by, or payable out of, the European Union budget and/or the budgets of the institutions, bodies, offices and agencies of the EU established by virtue of the Treaties or budgets managed and controlled directly or indirectly by them. Thus, the protection of the Union's financial interests not only concerns the management of budgetary appropriations but extends to any measure affecting or likely to affect its assets and those of the Member States (insofar as it is of interest to the EU policies).

**Guidelines:** Guidance documents drawn up by the main trade associations for constructing Organisation and Management Models pursuant to Italian Legislative Decree 231/2001 with respect to the sector of reference.

**Model (or "OMCM"):** ORGANISATION, MANAGEMENT AND CONTROL MODEL ENVISAGED IN ART. 6 OF ITALIAN LEGISLATIVE DECREE 231/2001 AND ADOPTED BY VETROELITE S.r.l.

**Supervisory Body ("SB"):** The internal body of the entity responsible for supervising the functioning of and compliance with the Model. The SB is also responsible for promoting the updating of the Model, advising the Administrative Body on the measures to be adopted to this end.

**Corporate Bodies:** the Board of Directors, the Shareholders' Meeting and the Board of Statutory Auditors of VETROELITE S.r.l.

**ADMINISTRATIVE BODY (OR "MANAGEMENT BODY"):** THE BOARD OF DIRECTORS (OR BOD) OF VETROELITE

**Partners:** Contractual counterparties of the COMPANY, such as suppliers, distributors, contractors - as both natural and legal persons - with whom the COMPANY enters into any form of contractually-regulated collaboration (temporary association of enterprises, consortia, collaborations in general).

**Public Administration:** The State and all its branches, the territorial public bodies and the other non-economic public bodies, as well as persons falling within the definition of "public official" or "public service officer" within the meaning of art. 357 and art. 358 of the Italian Criminal Code respectively, or those who - as employees of public or private entities - exercise "a legislative or judicial public function" or even "an administrative function", being governed by rules of public law and authoritative acts, characterised by the formation and manifestation of the will of the Public Administration, possibly by means of authoritative and certifying powers.

**Public Official:** For the purposes of the Decree:

- (1) anyone who performs a legislative, judicial or administrative public function, i.e., governed by rules of public law and authoritative acts and characterised by the formation and manifestation of the will of the Public Administration is a "Public Official"; therefore, anyone who exercises (even in a non-concurrent manner) authoritative, certifying or deliberative powers;
- (2) anyone acting in an official capacity in the interest of or on behalf of: (a) A national, regional or local public administration; (b) an agency, office or body of the European Union or of an Italian or foreign national, regional or local public administration; (c) an enterprise owned, controlled or

invested in by an Italian or foreign public administration; (d) a public international organisation such as the European Bank for Reconstruction and Development, the International Bank for Reconstruction and Development, the International Monetary Fund, the World Bank, the United Nations or the World Trade Organisation; or (e) a political party, a member of a political party or a candidate for political office, whether Italian or foreign;

(3) Representatives of local communities who, under the Anti-Corruption Laws and in particular the case law arising therefrom, are equated to Public Officials.

**Predicate offences:** Types of offences (both crimes and misdemeanours), set out in the Italian Criminal Code or by special laws, specifically referred to in art. 24 et seq. of Italian Legislative Decree 231/2001 or in any case in respect of which the liability of the company is expressly established pursuant to the same Italian Legislative Decree 231/2001.

**Risk Assessment:** Methodology of identification and analysis of the risks present in the exercise of a given activity, within the scope of which the existing critical issues in the internal control system are also identified (known as gap analysis), preparatory to the subsequent risk management activities.

**Internal Control and Risk Management System:** The set of tools, organisational structures, standards and corporate rules aimed at enabling a sound, correct and consistent management of the company through a suitable process of identification, measurement, management and monitoring of the main risks, as well as through the structuring of appropriate flows of information aimed at ensuring the circulation of information.

**COMPANY (or "VETROELITE"):** VETROELITE S.r.l.

**Subsidiaries:** Vetroelite Packaging S.r.l., Vetroelite UK Limited (UK), Vetroelite Glass Inc. (CANADA) and Vetroelite Inc. (USA).

**Subjects in "senior" positions:** Persons who, pursuant to art. 5, paragraph 1, letter a) of the Decree, hold functions of representation, administration and control or management of Vetroelite or one of its units with financial and functional autonomy, as well as persons who exercise, also de facto, the management or control of the COMPANY.

**Subordinates:** Persons who, pursuant to art. 5, paragraph 1, letter b) of the Decree, are subject to the direction or supervision of subjects in "senior" positions.

**Third parties:** SUBJECTS THAT ARE NOT PART OF VETROELITE yet, which deals with the company in the performance of its business activities.

**MOG implementation tools:** All provisions, internal measures, acts and operational procedures of the company, such as articles of association, delegations, organisational charts, job descriptions, procedures or organisational provisions.

**Consolidated Law on the Environment:** Italian Legislative Decree 152 of 3 April 2006.

**Consolidated Law on Finance:** Italian Legislative Decree 58 of 24 February 1998.

VETROELITE S.R.L.



**Consolidated Law on Occupational Health and Safety:** Italian Legislative Decree 81 of 9 April 2008.

**Senior management:** The Administrative Body, the Department Managers and any persons assigned management functions and strategic responsibilities, who are accountable - each according to their own level - for the implementation, maintenance and monitoring of the Internal Control and Risk Management System, in accordance with the directives of the Administrative Body.



## INTRODUCTION

VETROELITE S.r.l. (hereinafter, "VETROELITE" or the "COMPANY") has decided to adopt an *Organisation, Management and Control Model* (hereinafter, the "Model"), it being considered an essential component for the adequacy of its organisational, administrative and accounting structure<sup>1</sup>, thus complying with the provisions of Italian Legislative Decree 231 of 8 June 2001 (hereinafter, the "Decree").<sup>2</sup>

By adopting both the Model and the Code of Ethics, the COMPANY has found an important opportunity to increase its own level of transparency and precision in the pursuit of the corporate purpose, also by raising awareness amongst its own senior representatives, employees, collaborators and third parties with whom it interfaces for various reasons, complying with the law and the prevention of illegal conduct.

Aware of its social responsibility and also in order to protect its image and reputation, Vetroelite requires that its interlocutors adopt responsible and virtuous behaviours that are respectful of the law as well as of the principles and ethical-social values that inspire the COMPANY itself, summarised in the Model and in the Code of Ethics. At the same time, through the communication of the Model, Vetroelite encourages full and precise awareness of the behaviours that are not allowed or tolerated in the exercise of activities.

Lastly, by means of the concrete implementation and effective diffusion of the Model, the COMPANY intends to prevent its activities from generating opportunities for the commission of offences. In particular, the COMPANY intends to prevent the commission of the offences mentioned in the Decree (known as "Predicate Offences"), also thanks to a pervasive control system that prevents deviant conduct. To this end, the commission of offences is never in line with Vetroelite's interests and is, rather, specifically opposed and always condemned by the COMPANY, even when it appears able to generate - apparently - a benefit or an advantage for the company.

In preparing the Model, Vetroelite has analysed its corporate organisational structure with particular reference to the internal control system, in order to assess the existence of margins for improvement in view of the main best practices and the most recent jurisprudential and doctrinal approaches on the subject of corporate liability.

The Model is divided into a General Section and several Special Sections, one per "class" of offence that could potentially be committed in the exercise of Vetroelite's business activity and identified through risk assessment activities. Finally, the Code of Ethics, the organisational chart, the job descriptions and the company instructions form an integral part of the Model.

The Model has a wide and generalised scope involving every aspect of the business activity. Moreover, its application is not limited to Vetroelite staff but is addressed to all those who, for any reason, operate on behalf or in the interest of the COMPANY (hereinafter, the "Recipients"), such as:

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<sup>1</sup> Pursuant to art. 2086, second paragraph, art. 2381, third paragraph, and art. 2392 of the Italian Civil Code.

<sup>2</sup> Regulating the "*Discipline of the administrative liability of legal persons, companies and associations, including those without legal personality, pursuant to art. 11 of Italian Law 300 of 29 September 2000*".

VETROELITE S.R.L.



- 1) VETROELITE Shareholders and members of the other Corporate Bodies;
- 2) ANY OTHER PERSON IN A "SENIOR" POSITION, WHO THUS EXERCISES - EVEN DE FACTO - FUNCTIONS OF REPRESENTATION, ADMINISTRATION, MANAGEMENT OR CONTROL OF THE COMPANY;
- 3) executives, employees and collaborators in any capacity (irrespective of formal qualification and the nature of the employment relationship, whether permanent, fixed-term or part-time), including temporary collaborators, trainees and temporary and seconded workers;
- 4) business partners, intermediaries, consultants, professionals and suppliers of goods and services;
- 5) any other contracting party.

## CHAPTER 1 - DESCRIPTION OF THE REGULATORY FRAMEWORK

SUMMARY: **1.1.** Administrative liability of entities; **1.2.** Conditions for the liability of entities; **1.2.1.** Predicate offences; **1.2.2.** The interest or advantage of the entity; **1.2.3.** Perpetrators of the offence: subjects in "senior" positions and "subordinate" subjects; **1.2.4.** Offences committed abroad; **1.3.** Penalty system; **1.3.1.** Financial penalties; **1.3.2.** Disqualification penalties; **1.3.3.** Publication of the judgement; **1.3.4.** Confiscation; **1.4.** Exclusion of entity liability; **1.5.** The Organisation, Management and Control Model; **1.5.1.** Guidelines of trade associations.

### 1.1. Administrative liability of entities

The Decree introduced the institution of the liability of entities dependent on a crime into the Italian legal system. Although *formally* described as "administrative", such liability is *essentially* criminal in nature, since:

- it derives from the commission of one of the offences referred to in the Decree ("predicate" offences), committed in the interest or to the advantage of the entity;
- it is added to the liability of its own natural person - senior or subordinate - to have committed one of the "predicate" offences, even though it remains independent (which may be recognised even where the perpetrator of the offence remains unknown<sup>3</sup>);
- it is established in criminal proceedings;<sup>4</sup>
- it establishes the application of pecuniary and prohibitory penalties, which are particularly afflictive (up to and including prohibition from carrying on business), in addition to confiscation.

In particular, organisations may be held liable for Predicate Offences committed - or even only attempted - by members of the company's upper management (or, "senior" subjects)<sup>5</sup> or by those who are subject to their direction and control (or, "subordinate" subjects).<sup>6</sup>

The liability of entities is independent of and in addition to that of the natural person to have committed the offence. The regulatory framework established by the Decree therefore aims to involve, in the repression of certain offences, the entities in whose interest or to whose advantage, the offence in question was committed, affecting their assets and management by virtue of an established organisational fault.

<sup>3</sup> See art. 8 of the Decree.

<sup>4</sup> See art. 36 of the Decree.

<sup>5</sup> See art. 5, paragraph 1, letter a) and art. 6 of the Decree.

<sup>6</sup> See art. 5, paragraph 1, letter b) and art. 7 of the Decree.

## 1.2. Conditions for the liability of entities

For the purposes of the liability of the entity under the Decree, several conditions must be met. In particular, it is necessary that:

- a) A Predicate Offence has been committed, being a criminal offence referred to in the text of the Decree or for which the liability of the entity under the Decree is specifically established, even from a different regulatory source;
- b) The Predicate Offence was *also* committed in the interest, or to the advantage, of the entity;
- c) The perpetrator of the offence, or the participant therein, is a person in a senior position and/or a subordinate subject to the direction or supervision of a senior position, even if not identified.

### 1.2.1. Predicate offences

As anticipated, not every criminal offence gives rise to the entity's liability under the Decree. To this end, the offence must be (alternatively): (a) strictly referred to in the Decree itself; (b) established by a different regulatory source which, in any case, explicitly envisages the liability of the entity pursuant to the Decree.

As things stand, the offences relevant for the purposes of the "administrative" liability of the entity can be included in the following categories:<sup>7</sup>

- Offences against the Public Administration (art. 24 and art. 25 of the Decree)
- Computer crimes and unlawful processing of data (art. 24-*bis* of the Decree)
- Organised crime offences (art. 24-*ter* of the Decree)
- Counterfeiting crimes (forging money, public credit cards, revenue stamps and identification instruments or signs) (art. 25-*bis* of the Decree)
- Crimes against industry and trade (art. 25-*bis*.1 of the Decree)
- Corporate offences (art. 25-*ter* of the Decree)
- Offences for the purpose of terrorism or the subversion of democratic order (art. 25-*quater* of the Decree)
- Offence of female genital mutilation practices (art. 25-*quater*.1 of the Decree)
- Offences against the individual personality (art. 25-*quinquies* of the Decree)
- Market abuse offences (art. 25-*sexies* of the Decree)
- Manslaughter or grievous or very grievous bodily harm committed in breach of the regulations on the protection of occupational health and safety (art. 25-*septies* of the Decree)
- Offences against property by fraud (art. 25-*octies* of the Decree)
- Copyright infringement offences (art. 25-*novies* of the Decree)
- Inducement not to make statements or to make false statements to the judicial authority (art. 25-*decies* of the Decree)
- Transnational offences (art. 10 of Italian Law no. 146/06)

<sup>7</sup> For an in-depth examination of the individual Predicate Offences relevant to the activities of Vetroelite, reference should be made to the individual Special Sections.

- Environmental offences (art. 25-*undecies* of the Decree)
- Employment of citizens of non-EU countries (art. 25-*duodecies* of the Decree)
- Racism and xenophobia (art. 25-*terdecies* of the Decree)
- Sports fraud (art. 25-*quaterdecies* of the Decree)
- Tax offences (art. 25-*quinquiesdecies* of the Decree)
- Smuggling (art. 25-*sexiesdecies* of the Decree).

### 1.2.2. The interest or advantage of the entity

The commission of a Predicate Offence is not yet sufficient to establish the liability of the entity, which also requires that the offence has been committed in its *interest* or to its *advantage*. In particular:

- **interest** implies that the unlawful conduct is aimed at obtaining a benefit, not necessarily economic, for the advantage of the entity, a benefit which - nonetheless - need not necessarily be obtained for the purposes of liability under the Decree;
- the **advantage** consists in the concrete acquisition of an economically appreciable benefit by the entity.

The liability of the entity exists even if the perpetrator of the offence has acted to satisfy an interest that is *concurrent* with that of the entity itself: in other words, such liability is excluded only when the natural person has committed the offence *exclusively* in their own interest or in the interest of third parties.<sup>8</sup>

### 1.2.3. Perpetrators of the offence: subjects in "senior" positions and "subordinate" subjects

Lastly, the liability of the entity arises only if the Predicate Offence has been committed - even jointly - by persons linked thereto by a relationship of guilt by association or by a working relationship. In particular, the responsibility of the entity is determined by Predicate Offences committed:

- *"by persons who hold positions of representation, administration or management of the entity or of one of its organisational units having financial and functional autonomy, as well as by persons who exercise, also de facto, the management and control of the entity itself"*<sup>9</sup> (**senior** positions). "Senior" positions means all subjects at the top of the corporate organisation who are responsible for expressing the entity's will in external dealings or in adopting corporate policy decisions. Senior positions are entrusted with the power to manage, represent, control and supervise the entity;
- *"by persons subject to the direction or supervision of one of the senior positions"*<sup>10</sup> (**subordinate** subjects).

<sup>8</sup> See art. 5, paragraph 2 of the Decree.

<sup>9</sup> See art. 5, paragraph 1, letter a) of the Decree.

<sup>10</sup> See art. 5, paragraph 1, letter b) of the Decree.

By way of example, directors, statutory auditors and general managers are considered to be in senior positions. If they have financial and functional autonomy, the persons in charge of secondary offices (plant managers) and, in the case of an organisation divided into divisions, the heads of the divisions are also considered to be in senior positions. More generally, those in senior positions are all subjects who, irrespective of a valid and formal investiture,<sup>11</sup> exercise roles of management and control of the entity on a continuous and significant basis.

The broad category of subordinates is also identified on the basis of a functional criterion: irrespective of the formal qualification and the nature of the link with the entity, a subordinate is a person who is subject to the control, direction or supervision of a senior position.

#### 1.2.4. Offences committed abroad

The Decree extends the possibility of prosecuting entities in Italy also for offences committed abroad, in order to avoid easy circumvention of the entire regulatory framework.<sup>12</sup>

Proceedings may be brought for an offence committed abroad if the following conditions are met:

- The entity must have its head office in the territory of the Italian State;
- The offence must be committed abroad by a person functionally linked to the entity;
- The entity may only be liable in the cases and under the conditions established by Italian law;<sup>13</sup>
- The State in which the act was committed does not prosecute the offence independently;
- In cases where Italian law establishes that the punishment for the perpetrator of the offence is subject to the request of the Minister of Justice, with such a request also being made against the entity.

### 1.3. Penalty system

Once the liability of the entity has been established in criminal proceedings, the Decree foresees a series of penalties, of a pecuniary and/or disqualifying nature, together with confiscation and publication of the conviction.<sup>14</sup>

#### 1.3.1. Financial penalties

<sup>11</sup>The Decree refers to the functional criterion described in art. 2639 of the Italian Civil Code, which equates - with particular reference to corporate offences - the person formally vested with the title or holder of the function established by civil law: (a) a person who is required to perform the same function, otherwise qualified; (b) a person who, although not duly invested, exercises the powers typically inherent in the qualification or function in a continuous and significant manner.

<sup>12</sup> See art. 4 of the Decree.

<sup>13</sup> See art. 7, 8, 9 and 10 of the Italian Criminal Code.

<sup>14</sup> See art. 9 of the Decree.

The commission of a Predicate Offence, ascertained by a conviction, always entails the imposition of a financial penalty, determined according to a system of "fees": firstly, for each Predicate Offence, the Decree establishes a certain number of "fee" which may be imposed on the convicted entity (in any event, not less than 100 and not more than 1,000).<sup>15</sup> In turn, each individual "fee" can have a minimum value (€ 258.00) and a maximum value (€ 1,549.00).<sup>16</sup> In practice, the number and value of the fees to be imposed on the entity in the event of conviction are established by the criminal court based on the indications set out in the Decree.<sup>17</sup> In particular, the court determines the number of fees based on<sup>18</sup>: (a) the seriousness of the offence; (b) the degree of liability of the entity; (c) the activity carried out by the entity to prevent the commission of further offences. The extent of the individual fee, on the other hand, is defined based on the economic and financial conditions of the entity, so as to ensure the incisiveness of the penalty.

Moreover, the Decree establishes a series of circumstances that may reduce the financial penalty: for example, when the offender has committed the offence in their own interest or in the interest of third parties and the organisation has obtained little or no advantage; or when the damage caused by the commission of the offence is particularly slight. What's more, the financial penalty is reduced if the entity has fully compensated the damage and has eliminated the harmful or dangerous consequences caused by the commission of the offence, or has at least taken effective steps to do so. The adoption and implementation (*ex post facto*) of an organisational model capable of preventing offences of the same kind as the one which has occurred (known as the remedial model) also mitigates the financial penalty.

### 1.3.2. Disqualification penalties

Unlike financial penalties, which must always be imposed on the entity found liable for any Predicate Offence, disqualification penalties may only be applied to Predicate Offences which expressly call for such.<sup>19</sup> Additionally, the court may proceed to impose a disqualification penalty only when:

- a) due to a Predicate Offence having been committed by a person in a senior position - or by a subordinate due to serious organisational shortcomings - the entity has derived a significant profit from the offence;
- or
- b) the entity, which has already been definitively convicted of a criminal offence, commits another offence within the following five years (known as reiteration).

Conversely, the judge may not order a disqualification penalty when the entity:

<sup>15</sup> See art. 10, paragraph 2 of the Decree.

<sup>16</sup> See art. 10, paragraph 3 of the Decree.

<sup>17</sup> See art. 10 of the Decree.

<sup>18</sup> See art. 11 of the Decree.

<sup>19</sup> See art. 13 of the Decree.

- 1) has fully compensated for the damage and eliminated the harmful or dangerous consequences of the offence, or has taken effective steps to do so;
- 2) has also eliminated the organisational shortcomings which led to the offence by adopting and implementing organisational models capable of preventing offences of the kind committed;
- 3) and finally, has made the profit obtained for the purposes of confiscation available.

That said, the Decree sets out numerous disqualification penalties, graded according to a progressively higher level of limitation of the entity's activity (and therefore affliction). These are, in particular:<sup>20</sup>

- the prohibition - even definitively - of advertising goods or services;
- exclusion from benefits, financing, contributions or subsidies, and the possible revocation of those already granted;
- the prohibition - even definitively - to enter into contracts with the Public Administration;
- the suspension or revocation of authorisations, licences or concessions that have proved to be "functional" to the commission of the offence;
- disqualification - even definitively - from exercising the activity.

These disqualification penalties can also be applied as a precautionary measure, thus before the final establishment of the liability of the entity.<sup>21</sup> However, this requires the existence:

- of serious evidence of liability of the entity;
- of a real danger of further offences being committed of the same nature as that being prosecuted.

### **1.3.3. Publication of the judgement**

If a disqualification penalty has been imposed on the entity held liable, the judge shall also order the publication of the ruling, only once (in full or as an extract), in one or more newspapers. At the same time, the ruling is also ordered to be posted in the municipality in which the entity is headquartered.<sup>22</sup>

### **1.3.4. Confiscation**

When a conviction occurs, the confiscation of the monies or profit gained from the offence shall always be ordered, with the exception of that which can be returned to the person damaged by the offence and in any case whilst protecting the rights acquired by third parties in good faith. Where it

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<sup>20</sup> See art. 9 of the Decree.

<sup>21</sup> See art. 45 et seq. of the Decree.

<sup>22</sup> See art. 18 of the Decree.



is not possible to exactly confiscate the monies or the profit from the offence, the confiscation may concern sums of money, goods or other benefits of equivalent value thereto.<sup>23</sup>

#### 1.4. Exclusion of entity liability

According to the provisions of the Decree, even if a Predicate Offence has been committed, the entity may not incur "administrative" liability under certain conditions, which differ according to the perpetrator of the offence. In fact, if the perpetrator is in a senior position, the entity's liability could be excluded only if it is proven:<sup>24</sup>

- to have adopted and effectively implemented, before the offence being committed, an Organisation and Management Model capable of preventing offences of the same kind as that actually committed;
- to have entrusted a body of the company, bearing autonomous powers of initiative and control, with the task of supervising the operation of and compliance with the Model and its updating ("Supervisory Body" or "SB");
- that the offender has fraudulently circumvented the model;
- that there has been no omission or insufficient supervision by the Supervisory Body.

On the other hand, if the perpetrator of the offence is a "subordinate", the entity shall be held liable only if the commission of the offence was made possible by the senior positions' failure to comply with the obligations of management and supervision over the subordinate. In any case, the entity shall not be subject to penalties if, before the offence was committed, it had already adopted and effectively implemented an Organisation, Management and Control Model capable of preventing offences of the kind to have actually occurred<sup>25</sup>.

#### 1.5. The Organisation, Management and Control Model

Although the Organisation and Management Model represents an essential element in the regulatory framework established by the Decree, the regulatory text provides meagre information as to what the minimum limit must be in order for it to be considered suitable for preventing the underlying offences by the Judicial Authority. In particular, the same must:<sup>26</sup>

- identify the areas of the entity's activity in which the Predicate Offences may be committed (termed sensitive activities);
- establish specific protocols, differently calibrated in relation to the offences to be prevented, which lay down precise rules on the formation and implementation of the entity's decisions;

<sup>23</sup> See art. 19 of the Decree.

<sup>24</sup> See art. 6, paragraph 1 of the Decree.

<sup>25</sup> See art. 7 of the Decree.

<sup>26</sup> See art. 6, paragraph 2 of the Decree.

- identify ways of managing financial resources able to prevent the commission of the offences in question;
- establish appropriate measures, on the one hand, to ensure that the entity's activities are carried out in compliance with the law and, on the other, to discover and eliminate (or at least manage) risk situations in a timely manner;
- envisage obligations for reporting vis-à-vis the Supervisory Body;
- introduce a disciplinary system capable of penalising any failure to comply with the measures indicated in the Model.

Moreover, for the Model to be considered effectively implemented, the Decree requires:

- firstly, that it be periodically checked and, if necessary, amended and updated if significant breaches of the provisions emerge or if there are changes in the organisation and activities of the entity;<sup>27</sup>
- secondly, that any violations of the Model are promptly detected and submitted to the disciplinary system.

### 1.5.1. Guidelines of trade associations

As mentioned above, the Decree only lays down the minimum requirements for an organisational model to be deemed suitable in court (and thus to avoid the liability of the entity), leaving the individual entities concerned a wide degree of autonomy in defining its content. To this end, it is envisaged that "*organisational models may be adopted [...] on the basis of Codes of Conduct drawn up by associations representing the entities.*"<sup>28</sup>

Among the guidelines formulated by the various trade associations for the implementation of organisational models, those outlined by Confindustria are undoubtedly of particular importance, and have been applied in drafting this Model. In addition, recourse was also made to the "*Consolidated principles for drafting organisational models and the activities of the supervisory body and prospects for the revision of Italian Legislative Decree 231 of 8 June 2001*" drafted by the multidisciplinary working group of the National Council of Chartered Accountants, the Italian Banking Association (ABI), the National Forensic Council (CNF) and Confindustria itself.

In view of the indications provided by the aforementioned guidelines, the essential steps for the implementation of a valid organisational model are:

- 1) the precise identification of risks, hence an analysis of the corporate context which makes it possible to highlight where (or in which area/sector of activity) and in what way the offences set out in the Decree may occur;
- 2) the design of an adequate control system, enabling the identified risks of offences to be effectively countered, eliminating or reducing them to an acceptable level and, if necessary, identifying the need to update them.

<sup>27</sup> See art. 7, paragraph 4 of the Decree.

<sup>28</sup> See art. 6, paragraph 6 of the Decree.

Correct management of the risk of offence requires assessing, in advance and by means of careful risk assessment activities, its **intensity** by summarising two distinct factors: the **probability** of the offence occurring and its **impact** in terms of harmful consequences for the entity and/or third parties. This evaluation process must be carried out with a certain continuity, or in any case with adequate frequency, particularly upon corporate reorganisation (such as changes in governance, opening of new offices, the start of new activities or changes in the way existing ones are carried out, mergers, acquisitions and other extraordinary operations, etc.). An adequate preventive control system does not necessarily require the elimination of the risk of offence (sometimes not even feasible in practice), since it may be sufficient to limit the risk to an "acceptable" level. In fact, it is clear that the control measures that can be adopted are potentially infinite in the abstract but would risk making it impossible for the entity to carry out its activities. Consequently, it is necessary to define an "acceptability threshold", as a reasonable number of measures to avoid making the regular performance of the activity excessively rigid. This acceptability threshold is represented by a prevention system that cannot be circumvented except fraudulently. In other words, in the commission of the offence, the offender must "force", by abuse of power or in any case by fraudulent means, the set of control and prevention measures adopted by the entity.

According to the most authoritative guidelines, in order for the organisational model to be considered effective (and therefore suitable), it must include:

- a Code of Ethics;
- a sufficiently clear and formalised internal organisation, especially as regards the allocation of responsibilities;
- a system of manual and/or computerised procedures regulating the main activities of the entity and establishing a precise separation of tasks and roles between the persons carrying out crucial activities (initiative, authorisation, execution and control) within the same process (with particular attention to the management of financial flows);
- a clear, consistent and adequately formalised allocation of authorisation and signatory powers;
- an adequate system of staff communication and training, as well as training - where required - that is comprehensive, effective, detailed, clear and periodically repeated;
- a system of safeguards and controls consistent with the entity's operational management and capable of limiting the degree of risk regarding offences being committed to within acceptable thresholds;
- an organisational structure for workplace health and safety that: **(a)** assigns responsibilities based on a criterion of competence; **(b)** ensures continuous and systematic monitoring of prevention requirements in the workplace; **(c)** ensures communication between all staff and the full involvement of the company figures established by the legislation, including through periodic meetings.

In any case, the content and provisions of the organisational model must be inspired by at least the following principles:

VETROELITE S.R.L.



- every operation, transaction, action (including control) must be verifiable, documented, consistent and appropriate;
- no-one should be able to manage an entire process independently, so it is necessary that:  
(1) no-one is granted unlimited powers; (2) responsibilities and powers are clearly defined and known within the company organisation; (3) authorisation and signatory powers are consistent with the organisational responsibilities assigned.

## CHAPTER 2 - VETROELITE'S CORPORATE STRUCTURE

SUMMARY: **2.1.** VETROELITE S.r.l.; **2.2.** Organisational structure and roles; **2.2.1.** Vetroelite's corporate governance and system of powers and proxies; **2.2.2.** Corporate structure.

### **2.1. VETROELITE S.r.l.**

Vetroelite is a limited liability company under Italian law based in Ormelle (TV) and specialising in the design, manufacture and sale of high-end glass products (namely bottles, or more generally, containers and packaging), also with special decorations or closures. The COMPANY heads a multinational corporate group based in Italy (Vetroelite Packaging S.r.l.), the UK (Vetroelite UK Limited), Canada (Vetroelite Glass Inc.) and the USA (Vetroelite Inc.). Vetroelite S.r.l. is also present in many other countries through its own sales agents.

### **2.2. Organisational structure and roles**

The organisational structure of the COMPANY ensures the implementation of the strategies and the achievement of the objectives defined by the Administrative Body, inspired by criteria of maximum efficiency and operational effectiveness and guaranteeing the separation of tasks and responsibilities, avoiding - on the contrary - the overlapping of functions and mixing of roles.

#### **2.2.1. Vetroelite's corporate governance and system of powers and proxies**

The COMPANY is currently administered by a Board of Directors, composed of five directors. The internal organisation of the Administrative Body envisages, pursuant to art. 2381 of the Italian Civil Code, the assignment of powers to the Chair of the Board; the Chair of the Board of Directors and Chief Executive Officer is also the legal representative of the company. Management is conducted through a precise system of proxies, with powers exercisable by single or joint signature depending on the type (ordinary or extraordinary) and size of the transaction. As a result, only persons with formal and specific powers can commit the COMPANY vis-à-vis third parties. Adequate publicity is given to these powers, resulting from delegations and proxies kept at the Administrative Department.

The Chief Executive Officer is responsible for coordinating the various company departments and is the main external contact in relations with third parties.

In addition to the Board of Directors, Vetroelite's corporate governance system also includes the Board of Statutory Auditors - consisting of three regular members and two alternates - and, with the adoption of the MODEL, a Supervisory Body, of monocratic nature, consisting of an external member.

### 2.2.2. Corporate structure

Vetroelite's corporate organisation is headed by the Chief Executive Officer, who reports to the heads of the various company departments, including Sales, Administration, Purchasing, Technical/Quality and Logistics.

The **Chief Executive Officer** (or "CEO") of the COMPANY directs the general policy of Vetroelite, planning and developing the production and marketing of its products. Within the COMPANY, he ensures that there is a correct allocation of resources, both human and material, by defining - in agreement with the heads of the company departments - the short-, medium- and long-term objectives, supervising their implementation.

In particular:

- he assesses business opportunities, selecting possible investments in particular in those places where the Company is not yet present;
- he REPRESENTS THE COMPANY before other entities, both public and private, as well as before the Public Administration and Public Authorities, in particular the Judicial Authority;
- he directs and coordinates the corporate departments, helping to identify and define the best processes and ways of operating;
- he ENSURES THAT THE COMPANY is equipped with the necessary tools, training and autonomy to achieve its objectives in accordance with the principles of effectiveness and efficiency;
- he takes part in any inspections/access by Public Authorities, as well as in administrative procedures related to permits, authorisations or licences;
- he promotes AND MAINTAINS RELATIONS WITH PUBLIC BODIES AND AUTHORITIES IN ORDER TO STRENGTHEN Vetroelite's position on the Italian and international market;
- he ensures the coordination of company operations;
- he makes the main strategic decisions for the COMPANY.

The **Sales Department** is responsible for defining the COMPANY's sales policies and for collecting orders. The Sales Department comprises, on the one hand, the Sales Managers, each of whom is responsible for a specific market (which may include several countries), and **Customer Service**, on the other hand, which is responsible for the execution of orders placed by the Sales Officers. The Sales Department is divided into several teams, subdivided by geographical area of activity, each of which is headed by a Sales Manager - who is responsible for supervising the main projects proposed by the Agents - and who reports to the Sales Manager. The latter therefore represents the point of connection between the Company and the entire sales force present in the various markets of operation of Vetroelite, seeing to the definition of sales policies - defining the objectives and strategies to be undertaken, both quantitatively and qualitatively - of the Company and supervising the definition of the economic aspects of the most significant sales initiatives, in order to ensure the achievement of the expected profitability; under this last aspect, it supervises the economic valuation and profitability analysis of sales projects, proposing, if necessary, the appropriate

changes in order to ensure that the projects are carried out in accordance with the pre-established conditions of duration, quality and cost. *Customer Service* has several employees, each of whom provides operational support to the Agents according to geographical area of activity; *Customer Service* also acts as a collector of orders from foreign subsidiaries and is the link between the Sales Department, Purchasing Department, Technical Department and Logistics Department. Finally, *Customer Service* deals with all after-sales issues.

The **Administrative Department (or "Administration")** ensures - *first and foremost* - that all management operations are accurately recorded in the accounting records, in order to guarantee the fulfilment of accounting, fiscal, tax and social security obligations. Its staff is responsible for treasury, accounts receivable, accounts payable, invoicing cycle, payment management, supplier accounts, invoicing cycle (referred to as advance invoicing), personnel administration, and the payment of taxes. The **Administrative Director**, with the support of the functions covered by their Department, in particular:

- supervises the process of preparing accounting records;
- handles relations with banking institutions;
- handles relations with the Board of Directors, the Board of Statutory Auditors and the statutory auditor, and keeps the company's books;
- prepares the draft budget, also with the support of external consultants;
- manages relations with external consultants, providing the necessary information;
- is responsible, also with the help of external consultants, for the management of salaries and related social security and tax obligations;
- is in charge of monitoring and reviewing management operations, in consultation with the Management Control Manager;
- coordinates and supervises invoicing activities, both receivable and payable;
- supervises tax, fiscal, social security and contribution obligations.

The **Purchasing Department** is responsible for the procurement of products commissioned by Vetroelite from its suppliers (glassware, decorators, etc.), both for catalogue products (which may be *customised*) and for articles items made *ex novo* per customer order. In particular, the Purchasing Department provides operational support to the Sales Department in the structuring of orders, providing the timely quotation of projects submitted by the Sales Department.

The **Technical/Quality Department** is divided into the Technical Office, which is responsible for the conception, design and implementation phase (possibly with the support of the Marketing Strategist and Creative Director) of the items handled by the Company, and the Quality Office, which is responsible for supervising the quality of the products manufactured on behalf of the Company by suppliers (glassware and subcontractors).

The **Logistics Department** is responsible for the procurement of products from glassworks or other suppliers (inbound logistics) on the one hand, and the delivery of products to customers (outbound logistics) on the other, and is headed by a manager reporting to the CEO; this Department is divided into the Distribution Logistics Office and the Internal Logistics Office. Distribution Logistics,



among other things, oversees the fulfilment of all customs formalities, while Internal Logistics takes care of the correct storage of products in the COMPANY's warehouses.

The **Marketing Manager** (or "**Marketing Specialist**") is responsible for promoting the activity, image and products of Vetroelite through communication strategies, defining promotional campaigns and enhancing (also by participating in trade fairs and events) the products marketed by the COMPANY, as well as of all its other assets, supporting the other Departments in the achievement of set objectives in terms of performance and profitability, innovation and efficiency. The Marketing Strategist is assisted by a Marketing Consultant (forming the **Marketing Department**) and intervenes, as does the Creative Director, in the development of new products to be introduced into the Vetroelite catalogue. The **Creative Director** is the function that mainly provides *input* for the development of new items, also contributing to the personalisation (or *customisation*) of items already in the Vetroelite catalogue on the basis of customer requests.

The **Management Control Manager** (or group "**Controller**") monitors the "consistency" between budget forecasts and the periodic results transmitted by the various company departments, identifying the costs and revenues of the various company activities in order to define the profitability of the Company, also at group level. He assists the CEO in defining the annual budgets for the various company activities.

The **Human Resources Manager** (or "**HR**", a function currently outsourced) supports the CEO in the proper planning of the workforce and labour costs, helping to define policies relating to the framework and compensation of human resources. In addition, the Human Resources Manager:

- manages the human resources selection process;
- provides - together with the Supervisory Body and with the cooperation of the Company Department Managers - internal training;
- supervises compliance with labour and social security regulations;
- supports the Chief Executive Officer in disciplinary proceedings.

THE COMPANY also includes an **IT Manager**, whose task is to supervise the management of corporate information systems, which are usually outsourced to leading operators in the sector, and to ensure their proper functioning.

Lastly, the Company is **ISO 9001:2015** certified and obtained, on 25 April 2021, a positive assessment of its **ESG** (Environmental, Social and Corporate Governance) profiles.



## CHAPTER 3 – THE VETROELITE MODEL

**SUMMARY:** **3.1.** The VETROELITE S.r.l. project; **3.2.** The functions and objectives of the Vetroelite Model; **3.3.** Activities; **3.4.** Structure of Vetroelite's Organisation, Management and Control Model; **3.4.1.** The organisational and authorisation system; **3.4.2.** Control principles; **3.4.3.** Cash flow management system; **3.4.4.** Prevention principles and protocols; **3.4.4.1.** General prevention protocols; **3.4.4.2.** Specific prevention protocols.

### 3.1. The VETROELITE S.r.l. project.

Although the Decree does not require entities to adopt an organisational model, Vetroelite has nevertheless deemed it appropriate to do so, and has consequently appointed a Supervisory Body in order to strengthen its internal control system.

The Model, together with the Code of Ethics, the organisational procedures and the policies, instructions and provisions issued by the COMPANY, constitutes an effective instrument - on the one hand - for the prevention of offences and - on the other - for the detection of any possible violation of the law. It also aims to raise the awareness of all the representatives of Vetroelite to comply with the regulations in force and the existing procedures, contributing to determine full awareness in these subjects of the seriousness of the commission of a crime; on the other hand, the Model allows the COMPANY, in the presence of deviant situations, to react in a timely and effective manner. The principles and rules outlined in the Model are of a general nature, imposed on all corporate activities and not only on those qualified as "risky" or "sensitive".

### 3.2. The functions and objectives of the Vetroelite Model

The purpose of the Model is to introduce, or in any event to standardise and rationalise, company protocols and procedures relating to activities at risk of offences being committed, with the specific aim of preventing them from being committed. The Model therefore has the function of:

- identifying the **sensitive activities** carried out by the corporate functions, as well as by companies or third-party professionals under outsourcing arrangements, which due to their particular type may entail the risk of commission of an offence under the Decree;
- ANALYSING POTENTIAL RISKS WITH REGARD TO THE POSSIBLE WAYS IN WHICH OFFENCES MAY BE COMMITTED IN RELATION TO THE COMPANY;
- assessing the existing system of preventive controls and, if necessary, adapting it to ensure that the risk of offences being committed is reduced to an acceptable level;
- defining a system of principles and rules establishing: **(a)** the general guidelines of conduct (Code of Ethics and General Section); **(b)** specific organisational procedures aimed at regulating corporate activities in sensitive sectors (articulated within the General Section and the individual Special Sections);

- structuring a control system capable of promptly reporting the existence and emergence of general and/or specific critical situations;
- setting up a system of communication and training for staff which makes it possible for them to be aware of the Model itself, the Code of Ethics, the internal organisational structure and the allocation of authorisation powers, hierarchical reporting lines, procedures, information flows and everything that contributes to the transparency of the company's activities;
- setting up and assigning the Supervisory Body with specific powers to control the effectiveness, adequacy and updating of the Model;
- defining a disciplinary system and penalties for violating the provisions of the Code of Ethics and the procedures laid down in the Model.

### 3.3. Preparatory activities for the adoption of the Model

In 2020, Vetroelite launched a project aimed at adopting an organisational model and, to this end, it carried out a series of preparatory activities divided into phases, aimed at assessing and possibly implementing the current internal organisational structure, with particular reference to the system of prevention and management of crime risks.

Specifically, the **phases** in which the process leading to the adoption of the Model was articulated were as follows.

PHASES	ACTIVITIES
PHASE 1	<p><b>PROJECT START - ANALYSIS OF THE ORGANISATIONAL AND CONTROL SET-UP</b></p> <ul style="list-style-type: none"> <li>➤ submission of the <i>business plan</i> to the Administrative Body of the COMPANY;</li> <li>➤ EVALUATION OF THE CORPORATE STRUCTURE, THE ORGANISATIONAL SET-UP AND THE CONTROL SYSTEM, AS WELL AS OF THE OPERATING METHODS USED BY THE COMPANY for its most important processes.</li> </ul>
PHASE 2	<p><b>SURVEY OF SENSITIVE PROCESSES AND ACTIVITIES</b></p> <ul style="list-style-type: none"> <li>➤ identification of the processes and activities in the context of which Predicate Offences may theoretically be committed (considered as being <b>sensitive</b> activities/processes, the list of which is contained in separate documents);</li> <li>➤ identification of <i>key officers</i>, i.e., persons who, on the basis of the functions and responsibilities assigned to them, have in-depth knowledge of the <b>sensitive activities</b>, the operating methods adopted and the relevant controls, for the purpose of carrying out targeted interviews.</li> </ul>

<b>PHASE 3</b>	<b>INTERVIEWS WITH KEY OFFICERS</b> <ul style="list-style-type: none"> <li>➤ CARRYING OUT TARGETED <b>INTERVIEWS</b> WITH THE key officers to enable the identification of sensitive activities and practices (even if not formalised in specific procedures) followed by the Company as well as of the safeguards and controls currently in place.</li> </ul>
<b>PHASE 4</b>	<b>GAP ANALYSIS</b> <ul style="list-style-type: none"> <li>➤ summary of the picture that emerged from the interviews with the key officers and the results of the organisational analysis;</li> <li>➤ identification of the risks of offences; recognition of potentially critical situations and suggestion of organisational and procedural measures to strengthen the internal control system.</li> </ul>
<b>PHASE 5</b>	<b>MODEL ELABORATION</b> <ul style="list-style-type: none"> <li>➤ preparation of the organisational model, in the light of the most authoritative guidelines and according to the main case law and doctrine on the subject.</li> </ul>

### 3.4. Structure of Vetroelite's Organisation, Management and Control Model

Vetroelite has adopted its own Model on the basis of the most recent regulatory interventions and of the main jurisprudential and doctrinal indications on the subject of administrative liability of entities, adapting the principles of the subject to its own organisational peculiarities; the COMPANY has thus implemented further and articulated organisational protection against the possibility of committing crimes in the exercise of its own business activity.

As anticipated, the Model consists of a General Section and several Special Sections, in addition to the Code of Ethics. The **General Section** contains:

- a) the illustration of the regulatory framework of the Decree;
- b) a description of the organisational structure of the COMPANY;
- c) the identification of the recipients of the Model;
- d) the definition of the structure and functioning of the Supervisory Body;
- e) the recognition of information flows within the COMPANY;
- f) the indication of training and communication activities for staff;
- g) the description of the disciplinary system, suitable for penalising deviant profiles and transgressions of the Model itself.

The **Special Sections** identify the sensitive areas or activities within the COMPANY - i.e., those areas with a higher level of risk of committing a crime - and the predicate crimes that can be potentially committed within them. Each Special Section therefore contains a description of existing

procedures and controls, with specific protocols aimed at preventing the commission of Predicate Offences.

### 3.4.1. The organisational structure of VETROELITE

The organisational structure of Vetroelite, with reference to the responsibilities assigned, the lines of functional reporting and hierarchical dependence, is adequately formalised and graphically represented by the company organisational chart.

### 3.4.2. Control principles

By adopting the Model, THE COMPANY intended to crystallise:

- the formal definition of the tasks and responsibilities of each corporate function, with particular reference to those involved in sensitive activities at risk of offence;
- the allocation of decision-making responsibilities in a manner commensurate with the powers and degree of authority conferred;
- the principle of segregation of duties in the management of individual sensitive activities, by assigning the crucial phases of **initiative, authorisation, execution, control** and **archiving** to different persons;
- the precise regulation of activities at risk of offence, by means of specific procedures providing, inter alia, for appropriate control measures (checks, reconciliations, etc.);
- the precise documentation of the checks carried out, ensuring the possibility of reviewing the verification activities carried out and assessing the consistency of the methods adopted and the correctness of the results obtained;
- the verifiability of each operation or transaction, so that it is possible, by means of appropriate documentation, to assess its consistency and appropriateness and to identify the relevant responsibilities. To this end, it must be ensured that each activity is traceable through adequate documentary support, which is always available for consultation and control. The traceability of transactions is ensured with a higher level of certainty through the use of IT systems (e.g., internal emails). Consequently, it should be easy to identify who has done the following for each operation:
  - a) proposal/initiative;
  - b) authorisation;
  - c) implementation/execution;
  - d) control;
  - e) registration/archiving.

### 3.4.3. Cash flow management system

Case law, including foreign case law, shows that the commission of many of the Predicate Offences is often made possible by the improper management of financial flows; for this reason, the Decree requires that organisational models establish "*methods of managing financial resources that are suitable for preventing the commission of offences*"<sup>29</sup>.

In order to prevent the improper management of financial resources, the COMPANY provides for the separation, appropriately formalised, of tasks in the key phases of the relevant process (initiative, authorisation, execution, control and archiving). In particular, with regard to each individual transaction, the acts and the related decision-making process are traceable, with precise recognition of the authorisation levels, which are structured differently depending on the nature and value of the transaction; in addition, the competent corporate departments proceed to make payments only after recognition of the relevant supporting documentation (e.g., order, contract, letter of assignment, delivery note, invoice), and finally, a systematic comparison between the accounting results, internal accounts and bank reports.

### 3.4.4. Prevention principles and protocols

TO SUPPLEMENT AND FURTHER DEFINE THE PRINCIPLES AND VALUES EXPRESSED IN THE CODE OF ETHICS, THE VETROELITE MODEL outlines the **prevention principles** that inspire both the **general prevention protocols** established in the General Section, and the individual **specific prevention protocols** indicated in the Special Sections.

In particular, the COMPANY is inspired by the **principles** of:

- **Regulation**, such that the company's operations are punctually regulated by formalised procedures clearly indicating the principles of conduct and the operating methods for carrying out sensitive activities;
- **Traceability**, so that: (1) corporate transactions are adequately documented and the related documentation is correctly filed, stored so as not to allow its subsequent modification without specific evidence; (2) each transaction is verifiable *a posteriori*, therefore, through the filed documentation it is possible to precisely reconstruct the decision-making and authorisation process underlying the same and to identify the relevant responsibilities;
- **Segregation of duties**, with each transaction being carried out by several different persons who are responsible, respectively, for proposing, authorising, executing and monitoring the transaction and archiving the relevant documentation.

Finally, the powers of authorisation and signature assigned within the COMPANY are: (1) consistent with the assigned organisational and managerial responsibilities, including the indication of the approval thresholds of expenses; (2) clearly defined and known within the COMPANY AND adequately publicised outside. The corporate roles to which the power to economically commit the COMPANY is assigned are precisely defined, also specifying the limits and nature thereof.

<sup>29</sup> See art. 6, paragraph 2, letter c) of the Decree.

### 3.4.4.1. General prevention protocols

With respect to sensitive activities, for which reference is made to the Special Sections, the **general prevention protocols** establish that for all transactions:

- management, coordination and control responsibilities within the company are formalised;
- the allocation and exercise of powers within a decision-making process is consistent with the positions of responsibility and the significance of the underlying economic transactions;
- ACCESS TO AND INTERVENTIONS ON COMPANY DATA - as well as access to already archived documents - is allowed only to authorised persons, according to the legislation (also European) in force;
- confidentiality is guaranteed in the transmission of information.

### 3.4.4.2. Specific prevention protocols

Each sensitive activity (as indicated in the Special Sections) is duly regulated by specific protocols aimed at minimising (or eliminating where possible) the risk of committing the offences in question, and envisages a Process Manager, i.e., a person who is required to carry out an overall verification of compliance with the procedures laid down in the Model; an Activity Manager is similarly also envisaged, whose task is to oversee the performance of the individual process phases (initiative, authorisation, execution, etc.).

The **Process Manager**, formally identified within the Special Sections of the Model, ensures that the process as a whole is conducted in compliance with the company's procedures and policies; they are ultimately responsible for compliance with the regulations and the Model of the overall activity carried out within their own process. To this end, they must have full visibility of the process under their own responsibility and full access to all relevant information. At the same time, the Process Manager is endowed with the appropriate powers to exercise their functions.

In turn, the **Activity Manager** - always formally and clearly identified in the Special Sections of the Model - shall ensure that the individual activities are carried out in compliance with the internal provisions, as well as with the legislation in force and with the Model, ensuring, moreover, the correctness and completeness of the data related to their activity and provided to the Process Manager.

Both the Process Manager and Activity Manager are required to promptly inform the Supervisory Body in the event of particular critical situations relating to the effectiveness, adequacy and implementation of preventive protocols.

## CHAPTER 4 - THE SUPERVISORY BODY

SUMMARY: **4.1.** The Supervisory Body of VETROELITE S.r.l.; **4.2.** General principles relating to Vetroelite S.p.A.'s Supervisory Body; **4.2.1.** Appointment and termination of office; **4.2.2.** Grounds for ineligibility and disqualification from office; **4.2.3.** Renunciation, replacement and revocation; **4.2.4.** Discipline of the Supervisory Body; **4.2.5.** Conflicts of interest; **4.2.6.** Remuneration and reimbursement of expenses; **4.2.7.** Spending powers; **4.3.** Functions of the Supervisory Body; **4.3.1.** Tasks and powers of the Supervisory Body; **4.4.** Information flows vis-à-vis the Supervisory Body; **4.4.1.** Information flows to the Supervisory Body; **4.4.2.** Information flows from the Supervisory Body; **4.4.3.** Reports; **4.5.** Information management.

### 4.1. The Supervisory Body of VETROELITE S.r.l.

In order to exclude liability under the Decree, the entity is required to set up an internal body<sup>30</sup> with autonomous powers of initiative and control. This body - referred to in practice as the "Supervisory Body" (hereinafter also referred to as the "Body" or "SB") - must be entrusted with the task of supervising the operation of and compliance with the Model, as well as ensuring that it is updated.

The best practices - and the main case law precedents - suggest that this body should be different from the administrative body and the internal control body; it can be collegial in nature, contemplating the co-presence of external members (among whom to hopefully elect the Chair) and internal members of the entity, or monocratic in nature (advisable for small and medium-sized businesses).

In particular, the Supervisory Body must possess, as a whole, the requirements of:

- 1) **autonomy and independence**, such that the Body, in order to verify compliance with and the correct application of the Model, may undertake any control initiative, with the possibility of accessing, without any limitation, all the corporate information - held by anyone - which it considers relevant. IN ORDER TO AVOID ANY KIND OF INTERFERENCE AND/OR CONDITIONING BY ANY SENIOR OR SUBORDINATE MEMBER OF THE COMPANY, the Body is set up as a staff unit with respect to senior management; its members have no operational tasks and do not take part in any corporate activity or decision;
- 2) **professionalism**, so that the members of the Body must possess - on the whole - adequate technical skills in legal matters, with particular regard to corporate or criminal law, as well as in internal control systems;
- 3) **continuity of action**, so that the activity of the Supervisory Body is exclusively and constantly devoted to the supervision of the Model, also by means of meetings to be held at appropriate intervals.

<sup>30</sup> art. 6, paragraph 1, letter b) of the Decree.



## 4.2. General principles relating to Vetroelite S.r.l.'s Supervisory Body

### 4.2.1. Appointment and termination of office

In accordance with the indications contained in the Decree<sup>31</sup>, and considering its own organisational structure as well as the interpretative evolutions of doctrine and jurisprudence, Vetroelite intends to appoint a **monocratic Supervisory Body**, composed of a member external to the COMPANY AND possessing the necessary characteristics of professionalism, honourableness, independence and autonomy of action, as well as having appropriate expertise in criminal law, compliance and corporate control.

The Supervisory Body is appointed by the Board of Directors and remains in office for three financial years, ceasing to hold office on the date of the Shareholders' Meeting called to approve the financial statements for the last year of office. Even if the Supervisory Body has ceased to exist due to the expiry of its term, it remains in office - under an extension regime - until new members are appointed. The members of the Supervisory Body may be re-elected no more than three times.

### 4.2.2. Grounds for ineligibility and disqualification from office

The appointment as member of the Supervisory Body of Vetroelite is subject to the absence of grounds for ineligibility such as:

- 1) THE EXERCISE OF ADMINISTRATIVE FUNCTIONS, EVEN WITHOUT DELEGATION, IN FAVOUR OF THE COMPANY or subsidiary/associated companies;
- 2) THE EXISTENCE OF RELATIONSHIPS OF KINSHIP, MARRIAGE (OR DE FACTO SITUATIONS COMPARABLE THERETO) OR AFFINITY WITHIN THE FOURTH DEGREE WITH THE MEMBERS OF THE CORPORATE BODIES (BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS) OF VETROELITE AND/OR OF OTHER SUBSIDIARIES/ASSOCIATED COMPANIES, WITH THE PERSONS ENTRUSTED WITH THE LEGAL AUDITING OF THE ACCOUNTS AND WITH THOSE WHO EXERCISE SENIOR MANAGEMENT OR CONTROL FUNCTIONS IN THE COMPANY;
- 3) THE OCCURRENCE OF SITUATIONS OF CONFLICT OF INTEREST - EVEN POTENTIAL - WITH THE COMPANY such as to compromise the independence required by the function;
- 4) THE OWNERSHIP, EVEN INDIRECTLY, OF SHAREHOLDINGS OF SUCH A SIZE AS TO ENABLE THE EXERCISE OF A DOMINANT OR SIGNIFICANT INFLUENCE ON THE COMPANY or other subsidiaries/associated companies<sup>32</sup>;
- 5) having been convicted of a crime, even if not final, or a measure which in any case establishes liability (e.g., a plea-bargaining sentence or a criminal decree of conviction), in Italy or abroad:
  - (a) for the offences referred to in the Decree;

<sup>31</sup> See, art. 6, paragraph 1, letter b) of the Decree.

<sup>32</sup> See art. 2359 of the Italian Civil Code.



(b) for other offences in any way affecting professional integrity;

(c) which entails - as an accessory penalty - the disqualification, even temporary, from holding public office, or the temporary disqualification from holding management offices of legal persons and companies.

Upon accepting the appointment, the member shall certify, by means of a declaration to be submitted to the Board of Directors, the absence of grounds for ineligibility. The recurrence of a reason for ineligibility determines, if the appointment has already taken place, the automatic forfeiture of the office, of which the Board of Directors must be promptly informed for the appropriate decisions and the reconstitution of the Body.

#### **4.2.3. Renunciation, replacement and revocation**

The member of the Supervisory Body may resign from office at any time, with the obligation to give written notice thereof to the Board of Directors, which shall promptly replace the resigning member; the resigning member shall continue in office under an extension regime until the effective replacement.

The Board of Directors may dismiss the member of the Supervisory Body only for just cause, subject to a favourable opinion of the Board of Statutory Auditors. At the same time, the Board of Directors must replace the dismissed member. The Supervisory Body is protected against any form of retaliation and/or discrimination on account of the functions performed.

#### **4.2.4. Discipline of the Supervisory Body**

The Supervisory Body shall draw up its own **regulations**, setting out in detail its operating procedures and timetable, with particular regard to the regulation of inspection and supervision activities, any meetings also with other corporate functions and/or with the Corporate Bodies, and information flows to and from the various corporate functions.

#### **4.2.5. Conflicts of interest**

In case the member of the Supervisory Body, during the performance of their duties, is in a situation of potential or current conflict of interests with the COMPANY with regard to a single activity, he/she should abstain from the relative task, immediately informing the Board of Directors.

In this case, if necessary, the Board of Directors shall appoint another member to replace the abstaining member, solely for the exercise of the functions and/or individual activities in which the conflict of interest arose.

#### **4.2.6. Remuneration and reimbursement of expenses**

The Board of Directors establishes, at the time of appointment or by subsequent resolution, the remuneration due to the member of the Supervisory Body. Expenses incurred by the member of the Body in the performance of their duties must in any event be reimbursed, subject to adequate supporting documentation.

#### 4.2.7. Spending powers

In order for the Supervisory Body to be characterised by effective autonomy of action and independence, it is provided with an adequate annual budget, approved by the Board of Directors on the Body's proposal. The financial resources thus made available to the Body may be used for any requirement necessary for the proper performance of its tasks, and must report to the Administrative Body on their use. Moreover, in the presence of proven and justified reasons, the Body may exceed the budget at its disposal, subject however to the need to obtain *ex post* ratification by the Board of Directors.

### 4.3. Functions of the Supervisory Body

In the performance of its functions of supervising the operation and observance of the Model, as well as of taking care of its updating, the Body is ensured the full support of all the corporate departments and structures, as well as of the collaborators and consultants, including external ones, of the COMPANY; similarly, for the performance of its functions, the Body can also avail itself of the work of external consultants specifically appointed by the same, always under its direct responsibility and supervision.

No body or function of the COMPANY IS allowed to inspect the merit of the work and activity of the Supervisory Body; nevertheless, the Board of Directors must verify that the Body carries out the tasks assigned to it, since the ultimate responsibility for the operation and effectiveness of the Model is always in the hands of the Management Body.

#### 4.3.1. Tasks and powers of the Supervisory Body

The Supervisory Body exercises **powers/duties**:

- 1) of **inspection and verification**; in order to adequately control the sensitive areas and activities, as well as the effectiveness of the control measures, the Body may carry out investigations, checks and inspections, both periodically and in response to specific needs (for example, following any reports), including unannounced. The Body can proceed individually or with the support of the control functions of the COMPANY and/or of external consultants (always under the direct supervision and responsibility of the Body); for this purpose, the Body can freely access any office, unit and/or corporate department and request any information, document or data concerning the COMPANY which is considered relevant, held by anyone;

- 2) of **monitoring** the actual degree of application of the Model as well as the capacity of the Model to prevent the commission of offences and to promptly reveal any deviant conduct; the Body is also required to periodically reassess the mapping system of sensitive activities;
- 3) of **guidance and training**, as the Body can (and should):
  - (a) indicate to the competent corporate functions improvements to the control system and, more generally, to corporate procedures, with a view to eliminating or mitigating the risk of offence;
  - (b) REPORT TO THE ADMINISTRATIVE BODY THE NEED TO UPDATE THE MODEL (WITH A PRECISE INDICATION OF THE NECESSARY CORRECTIVE MEASURES), IN PARTICULAR UPON SIGNIFICANT VIOLATIONS OF ITS PRESCRIPTIONS OR OF SIGNIFICANT CHANGES IN THE ORGANISATIONAL STRUCTURE OF THE Company, in the presence of new regulations and jurisprudential developments, as well as in any other case the Body deems appropriate;
  - (c) PROMOTE, ALSO WITH THE HELP OF THE OTHER CORPORATE FUNCTIONS AND/OR EXTERNAL CONSULTANTS, THE TRAINING OF THE RECIPIENTS OF THE MODEL, BY MEANS OF SUITABLE COURSES AND MEETINGS ON THE RISKS OF OFFENCES CONNECTED TO THE ACTIVITY CARRIED OUT BY VETROELITE;
  - (d) propose appropriate ways of disseminating the Model, including to third parties;
  - (e) provide, where requested, adequate clarifications on the Model and - in general - on the regulatory system of the Decree;
  - (f) promote the initiation of disciplinary proceedings in the event of proven violations of the Model.

#### 4.4. Information flows vis-à-vis the Supervisory Body

It has been said that for the purposes of the suitability of the organisation and management model, it is necessary to provide for "*information obligations*"<sup>33</sup> vis-à-vis the Supervisory Body "*relating to both the performance of sensitive activities and to anomalous situations or possible violations of the Model*"<sup>34</sup>. In this respect, the main guidelines, as well as the relevant case law and doctrine, suggest the provision of both specific information flows to the Supervisory Body, and of a specific report by the Supervisory Body itself and addressed to the Corporate Bodies.

Information flows *towards* the Body are divided into: (a) "predefined information flows", of periodical frequency and coming from the corporate departments responsible for managing sensitive activities; (b) and "*ad hoc* information flows" or event-driven, which should be carried out upon the occurrence of particular events, such as news of the existence of criminal proceedings involving a representative - senior position or subordinate - of the COMPANY. Finally, a particular form of information flow to the Body is represented by reports of suspected violations of the Model.

<sup>33</sup> See art. 6, paragraph 2, letter d) of the Decree.

<sup>34</sup> See Guidelines of the National Council of Accountants of December 2018.

In turn, the Supervisory Body is required to periodically inform the Corporate Bodies of the supervisory activities carried out and of any violations of the Model, which is a fundamental step for initiating disciplinary proceedings.

#### 4.4.1. Information flows to the Supervisory Body

On a regular basis, the Supervisory Body must be updated by the corporate departments on the main information related to the application of the Model in the context of sensitive activities. It has been said that flows to the body can be divided into periodic and *ad hoc* (or event-driven) reporting. As regards **periodic reporting**, the heads of the company Departments are the contact persons of the Body in relation to the application of the Model in their respective Departments. They are in charge of ordinary reporting to the Supervisory Body: to this end, at least once a year, the heads of the company Departments shall send a written report summarising the activities carried out and the degree of implementation and application of the Model in their respective areas of competence, indicating - in particular - any anomalies or criticalities encountered and the main events which occurred. With the same frequency, the Supervisory Body must be updated on the possible civil, penal, administrative, tax or disciplinary proceedings in progress involving the COMPANY; with regard to the concluded proceedings, the Body should receive a precise report on the outcome (including the archiving), with an exhaustive indication of the motivations, the possible penalties inflicted and the measures adopted. Similarly, the Body must be informed of any extraordinary transactions carried out by the COMPANY.

36

On the other hand, with regard to **event-driven information flows**, the Body must be informed in writing of: (a) any organisational communiqués adopted; (b) organisational changes made in the context of sensitive activities; (c) the introduction or updating of company procedures or guidelines. In addition, it must be promptly informed when particular events occur, i.e., in the event of:

- 1) MEASURES, TAKEN BY ANY AUTHORITY (HEALTH AUTHORITY, FINANCE POLICE, JUDICIAL POLICE, ETC.), FROM WHICH IT EMERGES THAT INVESTIGATIONS ARE PENDING, EVEN AGAINST UNKNOWN PERSONS, FOR ANY PREDICATE OFFENCE AND IN WHICH THE COMPANY or one of its representatives, whether senior or subordinate, is involved;
- 2) NEWS, INCLUDING PRESS REPORTS, ON THE EXISTENCE OF CRIMINAL PROCEEDINGS, EVEN AGAINST UNKNOWN PERSONS, WHOSE FACTS ARE OF INTEREST TO THE COMPANY;
- 3) request for legal assistance forwarded by one of the Recipients of the Model in the event of legal proceedings, civil or criminal, for a Predicate Offence;
- 4) internal reports to company departments from which critical profiles may emerge concerning compliance with the Model and, in general, with the Decree.

In the above cases, the Body must receive full and detailed information, possibly supported by appropriate documentation. Likewise, the Body should be regularly informed by the competent corporate departments of the COMPANY in relation to:

- 1) any updating of the system of company powers of attorney and proxies (and the related division of powers);
- 2) any significant change in the organisational structure of the COMPANY.

#### **4.4.2. Information flows from the Supervisory Body**

In exercising its functions, the Supervisory Body must:

- 1) inform, immediately and in writing, the Board of Directors of any significant criticality or problem relating to the Decree;
- 2) report without delay to the Board of Directors and to the Board of Statutory Auditors, for the appropriate measures, the ascertained violations of the Model that may imply COMPANY liability;
- 3) submit, at the end of each financial year, a report to the Board of Directors and the Board of Statutory Auditors, indicating: (a) the activity carried out, with an indication of the budget used; (b) any anomalies and criticalities encountered; (c) any corrective or improvement initiatives carried out or to be undertaken; (d) the number of reports received; (e) the degree of application of and compliance with the Model; (f) the training on the Decree provided during the year in question; (g) the plan of activities to be carried out during the following year (alternatively, the plan of activities can also be contained in a separate document to be sent at the beginning of each year);
- 4) submit to the Chief Executive Officer, and if necessary to the Board of Statutory Auditors, a half-yearly report on the progress of the activity plan for the year in question, with a precise indication of any changes made to it.

The Board of Directors, the Chief Executive Officer and the Board of Statutory Auditors can convene the Supervisory Body whenever they deem it appropriate, in order to report on specific events or facts or to discuss matters considered particularly important with regard to the application of and compliance with the Model; minutes of the meeting must be drawn up and a copy delivered to the Body.

In addition, the Supervisory Body can communicate the results of its inspection and supervisory activities to the company Department Managers, if critical issues or areas for improvement emerge, with any measures suggested to the Administrative Body. If approved by the Administrative Body, the heads of the company Departments are required to eliminate the criticality detected and adopt the improvements reported, providing the Body with an action plan indicating the relevant timeframe.

#### **4.4.3. Reports**

The proper functioning of the Model requires that the Supervisory Body be promptly notified of all acts, facts, conduct and/or events that may constitute a violation of the Model. It must be stressed that the Code of Ethics, even if it is the subject of a separate document, is an integral part of the Model, so that a breach thereof must also be reported to the Body.

To this end, a special communication system is in place, through which the Supervisory Body must be promptly notified of any violation (or suspected violation) of the Model, even if only attempted. Reports, which may also be made anonymously but always in writing, must be duly substantiated and based on precise factual elements, indicating - where possible - the subject responsible. The following must also be reported promptly: **(1)** any conduct or practice not in line with the Model, even if not of criminal relevance; **(2)** the commission - or well-founded danger of commission - of Predicate Offences.

Reports must be brought to the attention of the Supervisory Body: **(a)** by ordinary email, by sending an email to [odv231@vetroelite.com](mailto:odv231@vetroelite.com); **(b)** by written communication, sent to the registered office of the Company with the wording, "*Confidential to the Supervisory Body - strictly personal*".

Without prejudice to the duty to forward the report to the Supervisory Body according to the prescribed procedures, Vetroelite personnel may also consider reporting to their hierarchical superior.

In any case, bona fide whistleblowers shall be protected against any form of discrimination, retaliation or penalisation, and the proper fulfilment of the duty to report shall not lead to the initiation of disciplinary proceedings or the application of penalties. In the management of the reports, the confidentiality of the whistleblower's identity is always guaranteed, without prejudice to the legal obligations and rights of the COMPANY as well as of the persons reported by mistake or in bad faith.

The contracts in place with external counterparties such as consultants, suppliers and collaborators, must include a duty to immediately report to the Supervisory Body if the same: **(a)** become aware, during the performance of their activity vis-à-vis the COMPANY, of violations - even if only presumed or attempted - of the Model; **(b)** are asked by any exponent of the COMPANY (senior position or subordinate) to assume behaviours which are potentially divergent from the Model.

The voluntary omission to report a violation (even if only attempted) of the Model to the Supervisory Body or the commission of a Predicate Offence by a person who, as a Recipient of the Model, is aware of such due to their activity carried out in favour or on behalf of Vetroelite constitutes a disciplinary offence expressly sanctioned by the Company's disciplinary system.

The reports are managed and stored by the Supervisory Body, which assesses them and decides at its own discretion whether it is necessary to take action; in this sense, the Body can convene the reporting party and/or the person allegedly responsible for the reported conduct. Any determination made by the Body concerning the report must be duly substantiated in writing. Reports correctly received by the Supervisory Body are handled through a procedure consisting of several stages and characterised by the utmost confidentiality:

- 1) firstly, the Body makes an initial assessment of the relevance of the report:
  - a) it files the report as not relevant for the purposes of the Decree, informing - however - the competent company departments if it is considered to be of importance for them and in any case giving reasons in writing;

or

- b) it proceeds to examine the merits of the report, if relevant for the purposes of the Decree;
- 2) secondly, having considered the report as relevant, the Body proceeds to analyse it, possibly launching an investigation to be carried out - if necessary - also with the support of the competent corporate functions as well as external consultants. Where it considers appropriate, the Body can summon both the author of the report, if known, and the hypothetical perpetrator of the reported breach;
- 3) finally, once the assessment and, where appropriate, investigation activities have been completed, the Body proceeds:
- a) to file the report if the breach is not established;
  - or,
  - b) to inform, by means of a specific written report, the Board of Directors and the Board of Statutory Auditors of the ascertained violation, indicating the activities carried out, the criticalities detected and the corrective actions to be taken, if any; the Body also prompts the activation of the disciplinary procedure. Similarly, the Supervisory Body may also inform the competent corporate departments, if necessary, so that they may make their respective decisions.

The Supervisory Body informs the perpetrator of the report of the receipt, initiation and conclusion of the investigation, but does not communicate the outcome. On the contrary, the alleged perpetrator must be informed of the initiation and conclusion of the investigation in the cases established by law, the Workers' Statute and possibly the applicable National Collective Agreement.

#### **4.5. Information management**

The Supervisory Body is obliged to manage and keep all the data and information of which it becomes aware or in possession during the performance of its functions, including reports and - above all - whistleblowing in a special protected archive (computerised or on paper, the latter located at the registered office of the COMPANY). These data must be kept under strict confidentiality, also by the Body, for a period of not less than ten years.



## CHAPTER 5 - CODE OF ETHICS

SUMMARY: **5.1.** The VETROELITE S.r.l. Code of Ethics; **5.2.** Purpose of the Code of Ethics; **5.3.** Structure of the Code of Ethics.

### **5.1. The Vetroelite S.r.l. Code of Ethics**

At the same time as the approval of the Model, Vetroelite has also adopted its own Code of Ethics (hereinafter, the "CODE"), containing the heritage of principles and values to which the entire corporate activity is inspired and to which the conducts of all the Recipients in relationships with third parties, where they operate on behalf or in the interest of the COMPANY, and in relationships with the COMPANY itself must always conform. Senior management must constantly ensure that subordinates respect the principles and values expressed by the CODE.

The Code of Ethics, even if it is the subject of a separate document, is an integral and essential part of the Model, so that any conduct deviating from the principles and values established therein constitutes for all intents and purposes a violation of the Model, with all the relevant consequences (e.g., activation of the disciplinary system).

### **5.2. Purpose of the Code of Ethics**

Aligning corporate behaviours to particularly high ethical standards marked by maximum fairness and transparency, the set of rules contained in the Code of Ethics guarantees the possibility of safeguarding the interests of the various stakeholders, as well as preserving the image and reputation of the COMPANY while ensuring an ethical approach to the market in which Vetroelite operates.

### **5.3. Structure of the Code of Ethics**

The Vetroelite Code is divided into a first part, in which the general principles are defined, and a second part, in which the rules of conduct are more clearly defined with respect to some specific areas (e.g., relations with personnel or the P.A., or with suppliers, etc.).



## CHAPTER 6 - DISSEMINATION OF THE MODEL AND STAFF TRAINING

SUMMARY: **6.1.** Introduction; **6.2.** Communication; **6.3.** Training; **6.3.1.** Senior positions; **6.3.2.** Subordinates.

### 6.1. Introduction

The effective implementation of the Model requires a broad dissemination of its contents, as well as of the principles permeating the regulations established by the Decree, within the COMPANY. Similarly, the Model must be adequately brought to the attention of third parties who, for any reason, establish a legally relevant relationship with Vetroelite

The effective knowledge of the Model within the COMPANY requires a clear, complete and easily accessible communication and training activity. The Recipients of the Model must therefore be fully aware:

- of the risks of offences connected with the activity carried out by VETROELITE;
- of protocols and corporate procedures to be complied with, functional to the elimination or mitigation of the risk of offence;
- of the regulatory system laid down in the Decree;
- of the activity carried out by the Supervisory Body and its functionality;
- of THE ETHICAL PRINCIPLES TO WHICH THEY MUST CONFORM IN THE EXERCISE OF THEIR ACTIVITIES IN FAVOUR OF THE COMPANY (or on its behalf).

### 6.2. Communication

In order to enable the widespread dissemination of the Model, a **full copy** of it must be:

- PROVIDED IN DIGITAL FORMAT TO ALL COMPANY STAFF, whether senior or subordinate, at the time of acceptance of appointment or at the time of recruitment, as well as at any significant update or modification thereof;
- published on the company's intranet;
- MADE AVAILABLE IN PAPER FORM AT THE OFFICES, INCLUDING SECONDARY OFFICES, AND LOCAL UNITS OF THE COMPANY.

The General Section of the Model and the Code of Ethics must also be:

- published on the Company's website;
- delivered - in digital or paper format - to suppliers, contractors, consultants and external collaborators. The relevant contractual agreements must contain an acknowledgement and acceptance of these and a duty to comply with their principles and provisions.

### 6.3. Training

Training on the regulatory system of the Decree and on the Model must be adequately calibrated and diversified according to the recipients and must be provided on an ongoing basis; it is carried out by the Administrative Body, with the operational support of the Human Resources Manager and under the supervision of the Supervisory Body, which establishes the programme at the beginning of each year. All training documentation must be kept by the Human Resources Manager.

### **6.3.1. Senior positions**

The training of corporate bodies and staff with management functions is ensured by means of special courses, provided in e-learning mode, and at least one face-to-face meeting during the year. These courses must include ways of verifying learning.

### **6.3.2. Subordinates**

The entire staff of Vetroelite IS required to acquire awareness of the Model, of the principles governing the regulatory system of the Decree, of the protocols and corporate procedures as well as of the risks of offence related to the activities performed by the COMPANY.

Training on this subject is provided by the competent corporate departments under the supervision of the Supervisory Body, also with the help of external consultants, by means of special courses provided in e-learning mode, possibly supplemented by periodic face-to-face meetings.

The courses and meetings must record attendance and the performance of learning tests at a predetermined frequency.

## CHAPTER 7 - DISCIPLINARY SYSTEM

SUMMARY: **7.1.** Function of the disciplinary system; **7.2.** Violations of the Model and related penalties; **7.3.** Measures against "senior positions"; **7.3.1.** Members of the Corporate Bodies; **7.3.2.** Executives; **7.4.** Measures against "subordinates"; **7.5.** Measures against third parties; **7.6.** The disciplinary procedure.

### 7.1. Function of the disciplinary system

A further requirement of the Model, which is indispensable for its effectiveness in exonerating the administrative liability contemplated by the Decree, is the existence of a disciplinary system "*capable of penalising failure to comply with the measures indicated in the model*"<sup>35</sup>.

The disciplinary procedure is managed by the Chief Executive Officer, in their capacity as employer, with the operational support of the Human Resources Manager and, if necessary, in agreement with the company department managers to which the perpetrator of the hypothetical infringement belongs and - if necessary - with the help of external consultants; the procedure may be initiated at the instigation of both the company departments and the Supervisory Body, also following the reports received.

The Supervisory Body periodically checks the adequacy of the disciplinary system and is kept constantly informed of the progress of any proceedings, from the time of the dispute. In particular, the Body is involved throughout the disciplinary proceedings in an advisory capacity, in order to acquire any useful elements for updating the Model. Similarly, it monitors the actions taken by Vetroelite towards subjects outside the COMPANY.

The disciplinary system applies to any violation of the Model, even if it does not constitute a criminal or civil offence and, in any case, regardless of whether criminal or civil proceedings are pending. The disciplinary system of Vetroelite is based on the utmost confidentiality and guarantees in any case the respect of the dignity and reputation of the persons involved, in compliance with the regulations in force.

### 7.2. Violations of the Model and related penalties

The Vetroelite disciplinary system is inspired by the principle of typicality, so that the conduct that can be considered a disciplinary offence is clearly indicated, as are the penalties that can potentially be imposed. To this end, the rules of conduct contained in the Model shall be disseminated as widely as possible. They therefore constitute a disciplinary offence, subject to a corresponding penalty:

- violation of internal procedures established or referred to in the Model, even if they do not give rise to the risk of a Predicate Offence being committed;

<sup>35</sup> See art. 6, paragraph 2, letter e) and art. 7, paragraph 4, letter b) of the Decree.

- violation of the provisions of the Model which determine the risk of one of the Predicate Offences being committed;
- the adoption of behaviour which does not comply with the provisions of the Model and which is unequivocally aimed at committing one or more Predicate Offences;
- THE COMMISSION OF PREDICATE OFFENCES, WHICH MAY LEAD TO THE CONCRETE APPLICATION AGAINST THE COMPANY of penalties established by the Decree.

The disciplinary penalties are diversified according to the perpetrator of the violation (senior positions, subordinate or third party), by virtue of the different relationship with the COMPANY; in compliance with the principles of gradualness and proportionality, the type and entity of the penalties themselves are progressively graduated and are proportionate:

- 1) to the gravity of the infringement, taking into account: **(a)** the overall conduct of the perpetrator; **(b)** the prejudicial effects caused to the COMPANY and/or to staff, both in terms of economically assessable prejudices and in terms of exposure to the risk of penalties according to the Decree; **(c)** the duties and functions concretely carried out by the perpetrator, and therefore of the degree of responsibility and autonomy entrusted thereto;
- 2) the degree of intentionality of the conduct, understood - on the one hand - as voluntary or - on the other - as negligence, imprudence, inexperience;
- 3) to possible recidivism, and therefore: **(a)** the existence of previous disciplinary measures for any infringement; **(b)** the repetition of the same infringement within the previous two years.

In any case, in the concrete determination of the disciplinary penalty, the opinion of the Supervisory Body, of the head of the Department to which the perpetrator of the violation belongs and of the hierarchical superior, if any, must be sought; moreover, all the circumstances of the concrete case must be taken into account, always ensuring compliance with the legislation - in particular, the Italian Civil Code and the Workers' Statute<sup>36</sup> - and the Articles of Association.

Independently of the disciplinary procedure, the COMPANY can always act for the compensation of the damages suffered by virtue of the violation of the Model.

### 7.3. Measures against senior positions

With regard to senior positions, i.e., those who exercise functions of administration, representation, management or control of the company, the disciplinary system of Vetroelite is structured differently depending on whether the perpetrator of the violation is a member of the Corporate Bodies or an employee with managerial functions.

#### 7.3.1. Members of Corporate Bodies

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<sup>36</sup> Italian Law no. 300/1970.

In the event of violations of the Model by a member of the Board of Directors and/or a Statutory Auditor, the Supervisory Body shall promptly inform the Board of Directors and the Board of Statutory Auditors in writing, so that they may adopt the appropriate decisions (e.g., revocation of powers) and/or convene - in the most serious cases - the Shareholders' Meeting for the resolutions envisaged by the Italian Civil Code and the Articles of Association. If the Board of Directors and the Board of Statutory Auditors delay in convening the Shareholders' Meeting, the Body may directly inform the Shareholders of the violation found. The Body is entitled to be admitted to the relevant Assembly. The Shareholders' Meeting shall assess, on the basis of the concrete circumstances and after hearing the Supervisory Body, the most appropriate measures to be taken, such as suspension from office and from remuneration or revocation; in this respect, the violation of the rules and principles of the Model may constitute just cause for revocation. The Supervisory Body must be promptly informed of the reasons underlying the decisions made against the perpetrator of the violation.

### 7.3.2. Executives

With regard to executives who have committed a violation of the Model or have allowed its violation by their hierarchical subordinates, THE COMPANY rigorously evaluates the persistence or not of the fiduciary constraint, as an element inherent to the managerial function.

If the breach is of such significance as to sever the bond of trust, the perpetrator shall be dismissed. In particular, dismissal with notice shall be given when the executive has - in a seriously negligent manner - violated the Model or failed to supervise the persons hierarchically subordinate to him, thus enabling the latter to violate the Model. On the other hand, dismissal without notice is given if the executive has: (a) wilfully failed to supervise their subordinates, thus enabling them to breach the Model; (b) wilfully breached the Model; in this case, the seriousness of the breach is such as not to allow the continuation, even provisional, of the employment relationship. The infringement is of relevant seriousness in the case in which the conduct, also omissive, of the executive has exposed the COMPANY to the risk of being subjected to criminal proceedings and therefore to the penalties established by the Decree.

### 7.4. Measures against subordinates

The Model is one of the "*provisions for the execution and discipline of work*" to which employees must conform in their conduct when carrying out their work<sup>37</sup>. Infringement of the provisions of the Model by employees constitutes, pursuant to the National Labour Agreement, a disciplinary offence and is subject to penalties, in accordance with the Workers' Statute and applicable legislation. The Model clearly sets out the conduct to be adopted and avoided, as well as the relevant penalties in the event of violation.

<sup>37</sup> See art. 2104 and art. 2105 of the Italian Civil Code.

Failure by the worker to comply with the provisions of the Model is penalised by the application of the following measures, depending on the seriousness of the infringement:

- verbal warning;
- written warning;
- fine (not exceeding four hours' pay);
- suspension from work and pay (up to a maximum of ten days);
- dismissal for misconduct with notice;
- dismissal for misconduct without notice.

Any act relating to the proceedings shall be communicated to the Supervisory Body for the assessments within its competence.

### **7.5. Measures against third parties**

All contractual relationships existing with the COMPANY (of consultancy, collaboration of any kind, even if only occasional, internships, intermediation, supply, contract, etc.) must include the acknowledgement and acceptance of the Model (understood as the General Section and Code of Ethics) of Vetroelite, as well as the duty of the contractors to comply with its provisions and to report to the Supervisory Body (and possibly to the competent corporate departments of Vetroelite) any violations of the Model of which they have become aware due to the contractual relationship with the COMPANY, according to the modalities established in the General Section of the Model itself. Moreover, contracts can include that the violation by third parties of specific provisions of the Model (and punctually referred to in the contract itself) may determine the termination - pursuant to art. 1456 of the Italian Civil Code. - of the relevant contract and the application of specific penalties. In this case, the possibility for Vetroelite to act for compensation of the damages suffered as a result of the breach remains unaffected. In addition, the contracts include that, with regard to the third party (natural person or legal entity) and in relation to the commission of a Predicate Offence, the infliction of a precautionary measure laid down in the Italian Code of Criminal Procedure or the Decree or even the occurrence of a conviction (or application of the penalty at the request of the parties pursuant to the Italian Code of Criminal Procedure) may determine the termination of the contract in accordance with the provisions of art. 1456 of the Italian Civil Code.

### **7.6. The disciplinary procedure**

The disciplinary procedure is managed by the Chief Executive Officer (as the original employer), with the operational support of the Human Resources Manager. It starts at the instigation of the company Department Managers or the Supervisory Body. If the proceedings are initiated at the instigation of company management, there is a preliminary "pre-investigation" phase conducted by the Supervisory Body which after carrying out the appropriate checks within 30 days, orders:

- dismissal, with written reasons, if the report proves to be unfounded;

or

- the continuation of proceedings in the preliminary investigation.

If the proceedings are triggered by the Supervisory Body, they proceed directly to the preliminary investigation. The Chief Executive Officer shall issue a specific written notice of the disciplinary offence; the subsequent investigative phase shall be conducted by the Head of Human Resources, possibly with the support of the Supervisory Body and/or the assistance of external consultants. Following the objection, adequate time must be allowed for the preparation of the defence in line with the provisions of the relevant collective agreement. The investigation must be completed within 45 days of the notification of the offence, unless a longer period, not exceeding three months, is necessary due to the complexity of the investigation. This phase must include hearing the person concerned and, where appropriate, the hierarchical superior and the Manager of the relevant Department. If the disciplinary offence is ascertained, the Chief Executive Officer shall impose the disciplinary penalty by means of a reasoned measure, after hearing the opinion of the Supervisory Body, the Human Resources Manager and any hierarchical superior of the perpetrator. Otherwise, the proceedings are closed by a reasoned decision to close the case.

Disciplinary proceedings against employees must comply with the procedures, provisions and safeguards laid down in the Workers' Statute (see Art. 7) and, as regards workers who do not qualify as executives, also with the agreed regulations (National Labour Agreement) on disciplinary measures.

In particular:

- 1) no disciplinary measure against an employee may be taken without first contesting the charge and hearing the employee's defence;
- 2) for disciplinary measures that are more serious than a verbal warning, the employee must be notified in writing, with a specific indication of the facts constituting the infringement;
- 3) the worker must be given a reasonable period of time to submit their defence;
- 4) the disciplinary measure shall be taken and communicated to the employee within 15 days of the expiry of the period allowed to the latter to submit their counter-arguments. In the event of difficulties in assessing the counter-arguments, this time limit may be extended by 30 days;
- 5) if the alleged offence is serious enough to lead to dismissal, the employee may be suspended from work as a precautionary measure until the disciplinary measure is imposed, without prejudice to the right to remuneration for that period;
- 6) any imposition of a disciplinary measure must be justified and communicated in writing to the employee by registered letter;
- 7) disciplinary measures may be challenged by the employee in accordance with the applicable legislation (including collective agreements).



VETROELITE S.R.L.

**VETRO***elite*  
A TRICORBRAUN<sup>®</sup> COMPANY

## CHAPTER 8 - UPDATING THE MODEL

Since the Model is an "*act of issuance by the management body*"<sup>38</sup>, amendments and additions thereto are reserved to the Board of Directors of Vetroelite. To this end, the Administrative Body may avail itself of the support of the Supervisory Body and possibly of external consultants who are experts on the subject. In particular, the Supervisory Body is required to constantly assess whether the Model retains the requirements of functionality over time and, if not, to suggest its updating to the Management Body through proposals and precise observations.

Therefore, the updating of the Model is only promoted by the Supervisory Body, but is still the responsibility of the Board of Directors. The need to do so is assessed by the Supervisory Body on an annual basis; nevertheless, it is necessary to do so in the event of:

1. CHANGES TO THE INTERNAL ORGANISATIONAL STRUCTURE OF THE COMPANY including by virtue of extraordinary transactions;
2. changes in the way business activities are carried out;
3. changes in previously identified sensitive activities or the identification of new ones;
4. significant new legislation or significant changes in the case law interpretation of the Decree;
5. violations of the Model;
6. commission of the offences established in the Decree by the Recipients;
7. detection of deficiencies, criticalities and/or shortcomings in the provisions of the Model.

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<sup>38</sup> See art. 6, paragraph 1, letter a) of the Decree.