



**ORGANISATIONAL, MANAGEMENT  
AND CONTROL MODEL PURSUANT TO  
LEGISLATIVE DECREE  
NO. 231 OF 8 JUNE 2001**

**GENERAL PART**

**UPDATED BY A RESOLUTION OF THE BOARD OF DIRECTORS  
ON 30<sup>TH</sup> OCTOBER 2023**

*In case of any discrepancy between Italian version and English version of the present document, the Italian version shall prevail*

## CONTENTS

1. LEGISLATIVE DECREE 231 of 2001 .....	4
1.1. Introduction.....	4
1.2. Constituent elements of the entity's liability .....	4
1.3. The sanctions that can be imposed on the entity.....	6
1.4. Causes of exclusion of liability of the entity.....	6
1.5. Crimes committed abroad.....	8
2. THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF ILLYCAFFÈ S.P.A. .....	9
2.1. Reasons of illycaffè S.p.A. for adopting the Model .....	9
2.2. Structure of the Model .....	11
2.3. Approval, changes and updates of the Model.....	12
2.4. Review of the Model .....	13
2.5. Adoption of the Model within the Group .....	13
2.6. Identification of potential risks of commission of crimes and mapping of sensitive tasks.....	14
3. THE ELEMENTS OF THE MODEL AND THE GOVERNANCE SYSTEM .....	15
3.1. Control Principles, Code of Ethics and Model.....	15
3.2. The organisational and authorisation system .....	18
3.3. Corporate & Tax governance: the players of control .....	19
3.4. Conflict of interest.....	22
4. SUPERVISORY BODY (SB).....	23
4.1. Requirements of the Supervisory Body.....	23
4.2. Composition and appointment of Supervisory Body .....	23
4.3. Termination and removal from office.....	24
4.4. Requirements of professionalism and honourableness .....	25
4.5. Obligations .....	26
4.6. Causes of ineligibility and incompatibility .....	26
4.7. Functions and powers .....	27
4.8. Verification tasks of the Supervisory Body.....	28
4.9. Internal and external collaborators .....	29

4.10.	Regular meetings and minutes.....	29
4.11.	Regulation of the Supervisory Body .....	30
4.12.	Validity of resolutions.....	30
4.13.	Responsibility.....	30
4.14.	Information flows to corporate bodies and top management .....	31
4.15.	Information flows to the Supervisory Body.....	32
5.	THE WHISTLEBLOWING REPORTING SYSTEM.....	34
6.	PERSONNEL TRAINING .....	37
7.	DISSEMINATION OF THE MODEL.....	39
7.1.	Bringing the Model to everyone’s attention.....	39
7.2.	Information for suppliers, external collaborators and partners .....	39
8.	DISCIPLINARY MEASURES FOR NON-COMPLIANCE WITH THE MODEL.....	41
8.1.	General Principles .....	41
8.2.	Behaviours.....	41
8.3.	Sanctions .....	43
8.4.	Sanctions against employees .....	44
8.5.	Sanctions against Directors .....	45
8.6.	Sanctions inflicted against suppliers, freelance workers and partners.....	46
8.7.	Sanctions related to whistleblowing reports .....	46
8.8.	The procedure for imposing sanctions.....	47

## 1. LEGISLATIVE DECREE 231 of 2001

### 1.1. Introduction

According to Legislative Decree 231/2001 (in partial implementation of Delegated Law 300/2000 implementing OECD and EU regulations) as amended, legal entities, companies and associations are also held liable for certain crimes committed to their advantage or in their interest by persons acting on their behalf. Such crimes are administrative crimes.

The role played by illycaffè S.p.A. in the local, national, international and world economic situation compels the company to pay particular attention to the requirements of the law. The company policy, aimed at promoting ethical behaviour and a passion for excellence makes illycaffè S.p.A. particularly interested in adopting its own organisational, management and control model (hereinafter referred to as the "Model") pursuant to Legislative Decree 231/2001, with a view to increasingly efficient and ethical management and modernisation of the corporate structure.

The "Addressees" of this Model are all those who work at illycaffè S.p.A.: Corporate Bodies, Executives, Employees, External Collaborators and Partners (as regards the latter two categories by virtue of and within the limits provided for by the specific clauses included in the relevant contracts). Everyone must comply with the principles and rules of conduct, and follow the procedures indicated in the Model.

### 1.2. Constituent elements of the entity's liability

Italian Legislative Decree 231/01 (hereinafter also referred to as the "Decree") as amended provides that entities are liable when:

- a) one of the crimes listed in Annex 1 is committed, or only attempted, and classified according to the following categories:

1	Crimes against the Public Administration (Articles 24 and 25)
2	Computer crimes and unlawful data processing (Art. 24-bis)
3	Organised crimes (Art. 24 ter)
4	Crimes relating to forgery of money, legal tender, revenue stamps, recognition instruments or trademarks and logos (Art. 25-bis);
5	Crimes against industry and commerce (Art. 25-bis1)
6	Corporate crimes (Art. 25-ter)
7	Crimes aimed at terrorism or subversion of democratic order (Art. 25 quater)

8	Practices of mutilation of female genital organs (Art. 25 quater 1)
9	Crimes against individual personality (Art. 25 quinquies)
10	Market abuse (Art. 25-sexies)
11	Non-intentional crimes committed in violation of accident prevention and occupational health and safety rules (Art. 25-septies)
12	Crimes of receiving stolen goods, money-laundering and utilisation of money, assets or profits of illegal origin as well as self-laundering (Art. 25-octies)
13	Crimes relating to non-cash payment instruments and fraudulent transfer of values (Art. 25-octies.1)
14	Crimes involving copyright infringement (Art. 25-novies)
15	Instigation not to make false statements to judicial authorities (Art. 15-decies)
16	Crimes against the environment (Art. 25-undecies)
17	Employment of other countries citizens with irregular stay (Art. 25-duodecies)
18	Racism and xenophobia (Art. 25-terdecies)
19	Fraud in sports competitions (Art. 25-quaterdecies)
20	Tax crimes (Art. 25-quinquiesdecies)
21	Smuggling crimes (Art. 25-sexiesdecies)
22	Crimes against cultural heritage (art. 25-septiesdecies)
23	Recycling of cultural property and devastation and looting of cultural and landscape property (Art. 25-duodevicies)
24	Transnational crimes (Law 146/2006)

- b) The crime is committed by persons with duties of administration, representation and management of the entity or of one of its independent organisational units or by persons subject to their management or supervision;
- c) The entity has an exclusive or concurrent interest or advantage with that of the perpetrator of the crime.

It should be noted that the administrative liability of the legal entity pursuant to Legislative Decree 231/2001 does not cancel out the liability of the natural person who materially committed the crime; both these liabilities are subject to ascertainment before the criminal court. Moreover, the liability of entities is independent from that of the natural person who carried out the act in the interest or to the advantage of the entity itself. In fact, it exists even when the perpetrator of the crime has not been



identified or cannot be charged and when the crime is extinguished for a reason other than amnesty.

### 1.3. The sanctions that can be imposed on the entity

The system of sanctions defined by Legislative Decree 231/2001, in relation to commission of the crimes listed above, provides for imposition of the following sanctions, depending on the wrongdoings committed

- a) pecuniary sanction: it is imposed whenever there is administrative responsibility of the entity. The amount of the sanction is established by the judge according to the limits set by Legislative Decree 231/2001. For crimes that violate safety and accident prevention regulations (Articles 589 and 590 of the penal code), a monetary sanction of not less than one thousand quotas is envisaged (Art. 25 septies of Legislative Decree 231/2001);
- b) disqualification sanction: it can be temporary, definitive or precautionary, and is imposed only in the cases for which it is expressly provided for and under the conditions determined by Legislative Decree No. 231/2001. The sanction may consist of:
  - disqualification from running one's business (which entails the suspension or revocation of authorisations, licences or concessions functional to running the business);
  - suspension or revocation of permits, licenses or concessions utilised for committing the crime;
  - ban on contracting with the Public Administration, apart from the exceptions provided for by law;
  - exclusion from tax breaks, financing, grants and subsidies or withdrawal of the above;
  - ban on advertising goods and services;
- c) confiscation: confiscation of the price or profit from the crime or, alternatively, sums of money, goods or other benefits with value corresponding to the price or profit from the crime, except for the portion which can be returned to the injured party;
- d) publication of the conviction: this may be ordered when a disqualification sanction has been imposed.

### 1.4. Causes of exclusion of liability of the entity

In the case of crimes committed by a person in a top management position, the entity is not liable if:

- a) it has adopted and effectively implemented an Organisational, Management and Control Model (hereinafter also "Model") suitable to prevent those kinds of crimes from being committed;
- b) it has set up a Supervisory Body (hereinafter also referred to as "SB") with autonomous powers of initiative and control and responsible for supervising the functioning of and compliance with the Model and for updating it;
- c) persons in senior positions have committed the crime by getting round the Organisation and Management Model by committing fraud;
- d) the Supervisory Body has carried out its duties in a diligent manner.

In the case of crimes committed by persons subject to management by others, the entity is not liable if the crime was not committed due to failure to comply with the obligations of management or supervision and in particular if, before the crime was committed, an Organisational, Management and Control Model suitable for preventing that specific type of crime had been adopted and effectively implemented. Given these premises, it is clear that it is necessary to adopt a Model that specifically takes into account the risks of commission of crimes that can concretely occur and that allows the company to be exempt from liability.

The Organisational, Management and Control Model is therefore one of the essential elements of any corporate governance system, i.e. a system aimed at monitoring and preventing risks.

The adoption of an Organisational, Management and Control Model, therefore, allows the entity to avoid the charge of administrative responsibility. The mere adoption of such a document is not, however, sufficient in itself to exclude said liability, since it is necessary that the Model be effectively and efficiently implemented.

To safeguard the company from sanctions, the measures taken must be:

- *suitable*, i.e. capable of ensuring both the pursuit of the corporate purpose in compliance with the law and the timely discovery and elimination of risky situations;
- *effectively implemented*, i.e. not only scrupulously conceived in the abstract and transcribed in the Model, but applied in practice and with the same scruple in the daily reality of the company. Therefore, the company must constantly check that the measures adopted "on paper" are actually applied and must periodically review them (and possibly amend them) in the event of violations or changes in legislation or in the company's organisation.

In particular, the organisational model must meet the following requirements:

- a) identify the tasks during which the crimes referred to in Law 231 may be committed;
- b) establish specific protocols aimed at planning the formation and implementation of decisions of the entity in relation to the crimes to be prevented;

- c) find ways of managing financial resources suitable to prevent crimes from being committed;
- d) provide reporting obligations to the Supervisory Body in charge of overseeing the operation of and compliance with the Model;
- e) bring in a suitable disciplinary system for punishing lack of compliance with the measures indicated in the model.

Pursuant to paragraph 2-bis of Art. 6 of the Decree, introduced by Law No. 179 of 30 November 2017 and amended by Legislative Decree no. 24/2023, for the purposes of the suitability requirement, the organisational model must also provide for:

- a) internal reporting channels, pursuant to Legislative Decree No. 24/2023;
- b) the prohibition of retaliation;
- c) the disciplinary system, adopted pursuant to paragraph 2(e) of Legislative Decree No. 231/2001.

### 1.5. Crimes committed abroad

The entity may be held responsible in Italy for the commission of certain crimes abroad. In particular, Art. 4 of the Decree establishes that entities with their head office in the territory of the State are also liable for crimes committed abroad in the cases and under the conditions set out in Articles 7 to 10 of the Penal Code, provided that the State of the place where the act was committed does not take action against them.

Therefore, the entity may be prosecuted when:

- it has its head office in Italy, i.e. the actual place where administrative and management tasks are carried out, which may also be different from the place where the company or registered office is located (entities with legal personality), or the place where business is done on an ongoing basis (entities without legal personality);
- the State of the place where the act was committed is not taking legal action against the entity;
- the request by the Ministry of Justice, to which punishment may be subordinated, also refers to the entity itself.

These rules concern crimes where the whole of the illegal act was committed abroad by top management or subordinates. For criminal conduct that has taken place, even only in part, in Italy, the principle of territoriality applies pursuant to Art. 6 of the Penal Code, according to which "the crime is considered to have been committed in the territory of the State, when the act or omission that constitutes it has taken place there in whole or in part, or when the event that is the consequence of the act or omission has occurred there".



## 2. THE ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF ILLYCAFFÈ S.P.A.

### 2.1. Reasons of illycaffè S.p.A. for adopting the Model

Transparency and fairness in management of the company are two very important factors for illycaffè S.p.A.

An internal control system is a valuable tool for the prevention of crimes by its Directors, Employees, External Collaborators (i.e. those with project work contracts or coordinated and continuous collaboration contracts, temporary workers, agents, technical and commercial consultants) and Business Partners (parties with which illycaffè S.p.A. has any form of leadership, such as joint ventures, temporary associations of companies, consortia of companies, etc.).

Although adoption of the Model is not an obligation imposed by the Decree, but rather a choice made by each individual entity, for the reasons mentioned above illycaffè has decided to come in line with the provisions of the Decree, by adopting the Organisational, Management and Control Model (the "Model") and appointing a Supervisory Body (also "SB") with the job of verifying its operation, effectiveness and compliance and of keeping it updated.

illycaffè S.p.A. condemns the commission of crimes in the pursuit of its corporate purpose, considering it in any case contrary to the interests of the company, and therefore intends to prevent it by constantly monitoring tasks in the sectors at risk.

This Model is aimed at:

- a) promoting and enhancing to an even greater extent an ethical culture within the company, with a view to fairness and transparency in the conduct of company business;
- b) determination in all those who operate on behalf of illycaffè, of the awareness that they may incur, in the event of violation of the provisions contained therein, in a crime liable to penal and administrative sanctions, not only against themselves, but also against the company;
- c) determination of the awareness that such forms of unlawful conduct are firmly condemned by illycaffè because (even if the Company were apparently in a position to benefit from them) they are, in any case, contrary to the provisions of law and the ethical-social principles that illycaffè intends to abide by in carrying out its corporate mission;
- d) introduction of a mechanism enabling the setting up of a permanent process of analysis of company business, aimed at identifying the areas in which the crimes indicated in the Decree may in abstract terms be committed;

- e) introduction of control principles the organisational system must comply with so as to be able to concretely prevent the risk of commission of the crimes indicated by the Decree in the specific tasks that emerged following the analysis of sensitive areas;
- f) introduction of a disciplinary system suitable for sanctioning non-compliance with the aforementioned control principles and, in particular, with the measures indicated in this Model;
- g) setting up of the SB with the job of supervising the correct functioning of and compliance with the Model and ensuring that it is updated.

The adoption of this Model therefore represents the desire to constantly improve the governance system of illycaffè S.p.A., beyond the benefits provided by Legislative Decree 231/2001 (i.e. exemption from liability for crimes committed despite the preventive measures adopted). The Model has taken into account the Guidelines drawn up by the Italian Federation of Manufacturers, approved by the Ministry of Justice with the Ministerial Decree of 4 December 2003 and updated during 2014, both in its overall construction process and in the choice of specific procedures to be adopted to prevent individual crimes.

It should be noted, moreover, that Art. 6, par. 3 of Legislative Decree 231/01 establishes that “organisational and management models can be adopted, guaranteeing the requirements set out in paragraph 2, on the basis of codes of conduct drawn up by the associations representing the entities, communicated to the Ministry of Justice which, in agreement with the competent Ministries, can, within thirty days, formulate observations on the suitability of the models to prevent crimes”.

By virtue of this provision, specific Guidelines were drawn up by Confindustria, approved by the Ministry of Justice with Ministerial Decree of 4 December 2003 and updated on 31 March 2008 and, subsequently, on 21 July 2014, subject to final approval by the Ministry of Justice.

Finally, on 8 June 2021, the new Confindustria “Guidelines for the construction of organisation, management and control models pursuant to Legislative Decree no. 231 of 8 June 2001” were approved by the Ministry of Justice, which update the case studies relating to the new criminal offences progressively introduced in the list of crimes pursuant to Legislative Decree no. 231/2001; the additional regulatory changes made, such as, by way of example, the provisions on whistleblowing pursuant to Law no. 179/2017 and Legislative Decree 24/2023, as well as further in-depth studies on specific issues relating to 231 legislation and the construction of Organisation, Management and Control Models, such as, for example, the implementation of integrated risk management systems and integration certification systems (i.e. ISO 45001, ISO 14001, ISO 27001, ISO 9001 and ISO 37001, etc.).

In the preparation and subsequent updating of the Model, both in the process of its overall construction and in the choice of the specific procedures to be adopted to prevent individual crimes, illycaffè took into account not only the regulations set out in Legislative Decree no. 231/01, but also the principles expressed by Confindustria in the Guidelines approved, in their latest version, by the Ministry of Justice.

Finally, it should be noted that on 1 December 2022 illycaffè incorporated the company Mitica S.r.l and, therefore, this model also incorporates the activities and control measures envisaged for the merged company.

## 2.2. Structure of the Model

The Model brings together in a single act both the theoretical and practical aspects of the system outlined in Legislative Decree 231/2001. It is divided into a General Part which illustrates the functions and principles of the Model, as well as identifies and regulates its essential components (the system of preventive controls, the disciplinary system and the sanction mechanisms, the characteristics of the Supervisory Body and the process of updating it over time), and a Special Part which lists the risks of commission of the crimes identified and the specific procedures for preventing them. In particular, taking into account the business illycaffè is in and having identified the company areas in which the crimes sanctioned by Legislative Decree 231/2001 may be committed, the Special Part proposes to concretely regulate the conduct of the company subjects, top management and those subject to management and supervision by others, in order to prevent commission of the crimes, through the elaboration of distinct rules of conduct, protocols and procedures, operating within the different areas at risk identified on the basis of the categories of crimes provided for by the Decree. In fact, since the Model is adopted by a resolution of the company's top management (in this case, the Board of Directors), it is to be considered a company provision in which the top management establishes what the organisational structure and controls to protect the areas at risk should be.

The qualifying elements of the Model are:

- mapping of areas at risk, i.e. the tasks carried out at the company in the context of which in theory there is the risk of commission of the crimes provided for by Legislative Decree 231/2001;
- the specific control systems supporting the processes exposed to the potential risk of commission of crimes;
- the setting up of the Supervisory Body;
- the provision of means of raising awareness and dissemination of the rules of conduct and procedures established at all levels of the company (in

- proportion to the level of responsibility) and at third parties also;
- the system of information flows to and from the Supervisory Body by all those who work at illycaffè S.p.A.;
- the introduction of disciplinary sanctions for non-compliance with the requirements set out in the Model.

### 2.3. Approval, changes and updates of the Model

The Model of illycaffè S.p.A. is an act issued by the Board of Directors, and has been constructed by trying to balance and integrate the requirements of governance and those of the administrative and productive structure of the company; it has a degree of flexibility that allows for possible adjustments.

When drafting the Model, particular attention was paid to the requirements of:

- ensuring the constant adaptation of the Model to changes in the organisational and management structure of the company;
- enhancing the governance measures and procedures already existing in the company's organisation and suitable for preventing the crimes considered;
- ensuring the maximum diffusion and application of the Model through the clarity of its wording and appropriate promotion and training activities.

The adoption and effective implementation of the Model are, by express legislative provision, the responsibility of the Board of Directors. It follows that the power to adopt any updates to the Model lies with the Board of Directors, which will exercise it by means of a resolution in the manner provided for its adoption. On the other hand, the Supervisory Body is responsible for the concrete verification of the necessity or advisability of updating the Model, and promoting this requirement to the Board.

Within the scope of the powers conferred on it in accordance with Art. 6, paragraph 1 letter b) and Art. 7, paragraph 4 letter a) of the Decree, the Supervisory Body is responsible for making proposals to the Board of Directors regarding the updating and adaptation of this Model.

The Managers of company departments will prepare and make changes to the operating procedures they are responsible for, when such changes appear necessary for the effective implementation of the Model, or if they prove to be ineffective for the purposes of correctly implementing the provisions of the Model.

Also in consideration of the management powers attributed to the CEO, the modifications/additions to the Mapping of the areas at risk and to the operating procedures, to be considered an integral part of the Model, can be implemented by

the CEO, on the proposal of the SB, which has the task of ensuring that the Model is constantly updated and of making proposals for modifications. The Board of Directors must then be informed of the changes made.

The operating procedures constitute control elements of the sensitive tasks found following the mapping of the areas at risk. Therefore, any hypothesis or proposal of supplementation or modification of the Model's procedures must be communicated to the Supervisory Body, which will also inform the Board of Directors in the periodic report.

#### 2.4. Review of the Model

The 231 Model must be reviewed periodically in order to ensure that it is updated and adequate. Its updating is then necessary on occasion: (a) of new legislations with reference to the regulation of the liability of entities for administrative wrongdoings dependent on crime, (b) in relation to significant changes in the organisational structure or business sectors of the Company, (c) of significant violations of the 231 Model and/or the results of checks on its effectiveness. The job is functional to maintaining the effectiveness of the 231 Model over time and the following persons must participate in it:

- CEO;
- SB.

#### 2.5. Adoption of the Model within the Group

As the operating parent company of the Illy Group, illycaffè S.p.A. is evaluating a process for the adoption of a Model by its subsidiaries that have a permanent establishment in Italy.

If the Italian subsidiaries decide that they need to adopt a Model pursuant to Legislative Decree No. 231/2001, they should independently adopt their own Model by a resolution of their administrative bodies and under their own responsibility, and oversee its implementation and appoint their own Supervisory Body. Each company identifies sensitive tasks, taking into account the nature and type of job done, as well as the size and structure of its organisation.

The Model adopted by the above companies will be sent by each Supervisory Body for information purposes to the Company's Supervisory Body. The Supervisory Bodies of the Italian subsidiaries notify the Supervisory Body about any subsequent significant changes made to the Model.



## 2.6. Identification of potential risks of commission of crimes and mapping of sensitive tasks

Article 6, paragraph 2, letter a) of the Decree provides that the Model must include a mechanism aimed at "identifying the tasks within the scope of which crimes may be committed". The drafting of this document was therefore preceded by a detailed analysis to find tasks "at risk", i.e. affected by potential cases of crime, taking into account the job actually carried out and the functions exercised by those who work at the company (so-called Risk Mapping, Annex 2 to this Model, to which reference should be made for details).

The Mapping of areas at risk constitutes the fundamental premise of this Model, and determines the scope of effectiveness and operation of all its constituent elements. The preparation of such a document and its updating must, therefore, entail the implementation of an actual corporate process that this protocol intends to regulate.

The results that emerge from mapping the areas at risk and the relative controls must be updated by company management at the request of the Supervisory Body, even with the assistance of any professionals who are experts in mapping techniques, and verified by the latter whenever substantial changes are made to the Company's organisational structure (e.g. constitution/modification of organisational units, start-up/modification of illycaffè's business), or when important legislative changes occur (e.g. introduction of new crimes to which the regulations in question apply).

### 3. THE ELEMENTS OF THE MODEL AND THE GOVERNANCE SYSTEM

#### 3.1. Control Principles, Code of Ethics and Model

With this Model, illycaffè S.p.A. intends to concretely apply the new system of controls centred on the principles presented below, as requested by the Italian Federation of Manufacturers in its Guidelines.

In the context of each identified task at risk, the Company must put specific controls in place. The degree of control that illycaffè S.p.A. has decided to implement for each task at risk depends not only on an evaluation in terms of cost-benefit, but also on the risk threshold considered acceptable by the entity itself for that specific task.

To this end, the Company has adopted as its control framework what is currently the commonly accepted international reference model for governance and internal control, i.e., the well-known "CoSO Report", produced in the United States in 1992 by Coopers & Lybrand (now PricewaterhouseCoopers) on behalf of the Committee of Sponsoring Organisations of the Treadway Commission (with the Institute of Internal Auditors and the AICPA among the Sponsoring Organisations), which adopted it and proposed it as the reference model for the control system of companies. National regulations in all major countries (UK, Canada, etc.) have been inspired by it.

On the basis of this "reference framework", the elements that compose it are listed below, with a brief description aimed at defining their substance and characteristics for the purposes of this Model. The elements reported and described below have been used as the basis for evaluating the controls in place on the map of risk areas and referred to in the Special Part in relation to the individual families of crimes:

- **Regulation:** sensitive processes/tasks must be regulated by specific company provisions which are duly formalised and brought to the attention of all personnel. For the purposes of this Model, such regulation may take place by means of:
  - rules of conduct contained in the Code of Ethics and in the Special Part of this Model;
  - organisational procedures.
- **Notification:** company provisions and rules must be promptly and formally brought to the attention of all addressees, so as to be able to fulfil the burden of proof in the event of disputes against individuals who behave in violation of them.

- **Traceability:** the tasks company processes are composed of, and in particular those of control, must be traced in such a way as to allow for verification even afterwards (e.g.: audit/testing). Such an element is better guaranteed by the use of specific application systems (e.g. management software).
- **Reporting:** the control system must be supported by suitable reporting systems that allow senior managers to be aware of the tasks carried out and those planned, thanks to structured reports that guarantee the reliability of the information they contain, so as to be able to guide the strategic choices of top management.
- **Monitoring:** a valid system of controls must be constantly monitored by a specific independent function appointed for this purpose, which verifies the correct application of and compliance with the rules adopted by the Company.
- **Reaction to violations:** finally, the control system must be completed by an efficacious system of sanctions designed to achieve compliance with the rules adopted.

Additional ***control principles***, which must be ensured in all tasks "at risk of commission of a crime", consist of the following:

- ensuring integrity and ethics in the performance of the task, through the provision of appropriate rules of conduct aimed at regulating each specific task considered to be at risk (for example in relations with the P.A.);
- formally defining the duties and responsibilities of each Department/Function/Service or Office involved in the tasks at risk;
- assigning decision-making responsibilities in a manner commensurate with the degree of responsibility and authority conferred;
- correctly defining, assigning and making the powers of authorisation and signature known, providing, when required, a precise indication of the approval thresholds for expenditure in such a way that no person is given unlimited discretionary powers;
- ensuring that the principle of separation of roles in handling processes is followed, providing and assigning the crucial phases the process is composed of two different subjects and, in particular, that of authorisation, execution and control;
- regulating the task at risk, for example by means of special procedures, providing the appropriate control points (checks, reconciliation, balancing, information mechanisms, etc.);
- ensuring verifiability, documented records, coherence and consistency of

every operation or transaction. To this end, traceability of the task must therefore be guaranteed by adequate documentary support on which checks can be carried out at any time; It is therefore appropriate that for each transaction it is easy to identify who authorised it, who physically carried it out, who recorded it and who checked it. The traceability of transactions is ensured with a higher level of certainty by the use of IT systems capable of managing the transaction, thus enabling compliance with the requirements described above;

- ensuring that the controls carried out can be documented. To this end, the procedures with which controls are conducted must make it possible to retrace the controls carried out, so as to allow for evaluation of the consistency of the methods adopted and the correctness of the results obtained;
- ensuring that appropriate reporting mechanisms are in place that allow for systematic reporting by the personnel who perform the task considered at risk (written reports, reports, etc.);
- ensuring the reliability of financial reporting to senior management;
- providing for control and monitoring of the fairness of the tasks carried out by the individual Managers/Functions within the scope of the process in question (compliance with rules, correct use of powers of signature and expenditure, etc.).
- The precepts described above must be respected in all company processes and, in particular, in the processes identified as sensitive in the mapping attached to this Model.

The SB will be responsible for verifying that the competent company departments promptly check and adapt their processes to the above principles.

The outcome of this checking and adaptation process shall be the subject of a specific periodic report by company management/functions, as far as they are concerned, according to the methods and timing established by the SB itself.

illoycaffè has adopted a Code of Ethics that sets out the values and rules of "corporate ethics" that the Company recognises as its own it requires its corporate bodies, employees and third parties to comply with. This Model, whose provisions are in any case consistent with and conform to the principles of the Code of Ethics, meets the requirements expressed by the Decree and is, therefore, aimed at preventing the commission of the types of crimes included in the scope of application of Legislative Decree 231/2001.

In particular, illoycaffè's Code of Ethics affirms principles that are also suitable for

preventing unlawful conduct pursuant to Legislative Decree 231/2001, and thus acquires relevance for the purposes of this Model and is a complementary part to it.

The Model is completed by the attached document "List of crimes for which entities are administratively liable pursuant to Legislative Decree 231/2001".

### 3.2. The organisational and authorisation system

#### *The organisational system*

The Organisational System must be sufficiently formalised and clear, especially as regards assignment of responsibilities, lines of hierarchical dependence and description of tasks, with specific provision for control principles, such as the juxtaposition of functions. The organisational structure of illycaffè is formalised in a company organisational chart.

The Company's organisation chart, which graphically represents the Company's organisational structure, is a document that must be issued by the Board of Directors containing all the Departments/Functions/Services or Offices with the names of those in charge.

#### *The authorisation system and assignment of proxies and powers of attorney*

The system for distributing powers, which is also implemented by means of proxies and powers of attorney, must be characterised by elements of "certainty" in order to allow for efficient management of company business and to clearly identify the responsibilities associated with individual professional figures. In particular, the following aspects must be safeguarded:

- separation of duties (authorisation to carry out a transaction must be under the responsibility of a person other than the one who records it the accounts, executes it or checks it);
- limitation of powers (no one should be given unlimited powers);
- clear definition and awareness of powers (powers and responsibilities must be outlined precisely and known within the organisation, even through the creation of precise job descriptions);
- consistency of powers with the organisational responsibilities assigned (powers of authorisation and signature must be assigned in line with the management responsibilities of each resource, by providing a precise



indication of expenditure thresholds and reporting obligations to the direct superior).

Furthermore, in conferring proxies and powers of attorney, illycaffè S.p.A. follows the essential principles below:

- all those who keep up relations with national or foreign Public Administration on behalf of the company must act by virtue of a formal proxy;
- each power of attorney entailing the power to represent the company in dealings with third parties must be matched to an internal proxy describing the related operational power; the power conferred by proxies must be consistent with the related responsibility and appropriate to the position on the organisational chart;
- each proxy must specifically define the powers of the proxy holder, specify the limits, the subject (body or individual) the proxy holder reports to hierarchically and the related procedures;
- the proxy holder must have adequate spending power for the functions assigned;
- the power of attorney must explicitly provide for cases of loss of the powers conferred;
- proxies and powers of attorney must be promptly updated.

With the support of the other competent functions, the Supervisory Body has the task of verifying the system of proxies and powers of attorney in force, recommending any changes in the event that the operational power and/or qualification does not match the powers of representation conferred on the proxy holder or there are other anomalies.

### 3.3. Corporate & Tax governance: the players of control

illycaffè adopts a traditional governance structure, with the presence of a Board of Directors and a Board of Statutory Auditors, whose members are appointed by the Shareholders' Meeting.

The various players present in the organisational and control system adopted by the Company are discussed below, with specification of their roles and interrelationships, and by referring to specific documents.

#### Board of Directors

The Board of Directors (hereinafter also "Board") of the Company is composed of 11 directors, including the Chairman. Pursuant to Art. 2381 of the Italian Civil Code, it assesses the adequacy of the company's organisational, administrative and

accounting structure. Within the scope of its management responsibilities, it also has the power to pass resolutions on certain matters, details of which are provided in a specific resolution of the Board. Aspects relating to the procedures for the appointment of directors, the requirements of honourableness, professionalism and independence, for the functioning (convocations, resolutions, representation of the company), as well as the procedures for their remuneration, are governed by illycaffè's Articles of Association, to which reference should be made.

#### Chief Executive Officer

By a specific resolution, the Board appointed the Chief Executive Officer, granting him certain powers and proxies in order to properly manage the Company.

#### Board of Auditors

The Board of Statutory Auditors (hereinafter also referred to as "BSA") of illycaffè is composed of 3 standing members and 2 alternate members. Pursuant to Art. 2403 of the Italian Civil Code, the Board of Statutory Auditors "*oversees compliance with the law and the articles of association, respect for the principles of proper administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the company and its actual functioning*".

#### Internal Audit

The Company has an Internal Auditing Department (hereinafter referred to as "IA") which is responsible for assisting the Company in the pursuit of its corporate objectives, and which focuses its tasks on monitoring and improving control and risk management processes.

In general, IA ensures constant and independent monitoring of due performance of operations and processes in order to prevent or detect the emergence of anomalous and risky behaviours or situations, by assessing the functionality of the overall system of internal controls and its suitability to ensure the effectiveness and efficiency of business processes.

The Internal Audit function supports the Supervisory Body with overseeing compliance with and the adequacy of the rules contained in the Model, and, in the face of any critical situations encountered during the course of its tasks, activates the concerned functions from time to time for the appropriate mitigation actions.

#### Risk Management & Compliance

To adequately manage risks, the Company has a Risk and Compliance Department that take the necessary actions to ensure that the Company's operations comply

with current rules, regulations, procedures and codes of conduct, and by suggesting the most appropriate solutions to remedy them, where misalignments are found.

## Tax Governance

### Tax Organisational Structure

In the corporate organisation, the Administration area is also responsible for managing tax aspects. Within the AFCL Department, the Administrative Director also deals with tax compliance aspects. The latter is, therefore, currently managed partly internally and partly externally with the aid of external tax consultants. The Tax unit takes care of tax planning aspects such as, for example, optimisation of the tax charge through analysis of possible tax breaks and tax credits and international tax, management of group transfer pricing" Specifically, it is possible to identify the following responsible parties:

- illycaffè S.p.A tax representative
- Administration Director, assisted by the Tax Unit, for the management of day-to-day operations
- External tax firm for administrative compliance management
- External tax firm for managing tax disputes
- External tax firm for day-to-day consulting
- External consultants specialised in dealing with specific tax issues (i.e. Transfer Pricing; Patent Box; Industry 4.0)

As regards the organisational structure for foreign branches and subsidiaries, it should be noted that day-to-day operations are entrusted to local Finance Managers, in collaboration with external firms, while central coordination is entrusted to the Administrative Department on significant and/or extraordinary issues (transfer pricing, tax audits, corporate transactions).

### Proxies and powers of attorney

The Company has granted appropriate powers of attorney/proxies with regard to the signing of tax returns and relations with the tax authorities for the related obligations (i.e. inspections, issue of information, appeals, tax disputes). To the CFO (tax Representative) has been granted the power to make final decisions in relation to the obligations required by the tax legislation, to supervise all relations with the tax authorities in line with applicable legislation; as well as to represent the company in dealings with the tax authorities and in tax litigation; to sign tax returns, VAT returns and any other declaration that the company is required to submit.

### Traceability tools

The Company makes use of management software and supporting information/application systems for the management, processing and archiving of tax-

relevant data, information and documentation. These systems ensure adequate segregation of duties within the processes in question.

### 3.4. Conflict of interest

illycaffè is committed to conducting its business ethically, responsibly and with the utmost integrity in all situations. To facilitate this, it is advisable that all those working for the Company have no personal interests and that they are not involved in any business that may conflict with or impair their judgement in the exercise of their professional duties on behalf of the Company. Please refer to the Code of Ethics adopted by illycaffè for details regarding conflict of interest situations and rules of conduct for addressees.

In the event of a conflict of interest situation, even if only potential, each employee is required to notify the Risk & Compliance department.

## 4. SUPERVISORY BODY (SB)

### 4.1. Requirements of the Supervisory Body

Italian Legislative Decree 231/2001 foresees, among indispensable prerequisites for exemption from liability consequent to the commission of crimes, the institution of an internal body within the Entity (hereinafter also referred to as "SB") with autonomous powers of initiative and control, with the task of overseeing the functioning of and compliance with the Model and of taking care of its updates.

In compliance with the requirements of Legislative Decree 231/2001, the Board of Directors of illycaffè S.p.A. has set up the Supervisory Body with a collegial structure of three members, one of whom acts as Chairman.

In this way, the following requirements of the Supervisory Body, as provided for by law, are ensured:

- *autonomy and independence*: as also specified in the Guidelines, the position of the SB within the Entity "must ensure the autonomy of the control initiative from any form of interference and/or conditioning by any component of the Entity" (including the management body). The SB must therefore be placed in as high a position as possible, with the requirement of reporting information to the highest operational level of the company. In addition, in order to guarantee the necessary autonomy of initiative and independence, "it is essential that the SB is not assigned operational tasks - which, by making it a participant in operational decisions and tasks, would undermine its objectivity of judgement when verifying conduct and the Model".
- *professionalism*: this requirement refers to the specialised technical skills that the Supervisory Body must have in order to be able to carry out the task assigned to it by the law. In particular, the members of the SB must have specific knowledge in relation to any useful technique for carrying out tasks involving inspection, consultancy for analysing the control system and tasks of a legal nature (in particular in the criminal and corporate sector), as clearly specified in the Guidelines.
- *continuity of action*: such a requirement must characterise the job of the SB in order to ensure the effective implementation of the organisational Model.

### 4.2. Composition and appointment of Supervisory Body

The Supervisory Body is appointed by the Company's Board of Directors in a written deed signed for acceptance by the appointed members. The Board of



Directors decides on the number of members and appoints them by resolution taken with absolute majority. The number of members of the Supervisory Body and their qualifications are decided by the Board of Directors on the basis of the size of the Company and the business carried on.

The members of the Supervisory Body may be from outside the Company, and/or employees or members of its management and control bodies (independent directors / auditors). The Chairman of the SB is appointed by the Board of Directors from among the external members.

At the time of their appointment, the members attest, under their own responsibility, that they meet the requirements of professionalism and honourableness and that there are no grounds for their ineligibility or incompatibility. The Supervisory Body shall annually check that its members still meet the above requirements and that the above causes are absent, and report any shortcomings to the Board of Directors so that the appropriate measures can be taken.

The Supervisory Body remains in office for the number of fiscal years decided by the Board of Directors at the time of appointment and in any case (or in the absence of its determination at the time of appointment) for no more than three fiscal years, and may be re-elected.

The appointment is formally notified by the Board of Directors to all levels of the company, through the circulation of a memo setting out the powers, duties and responsibilities of the Supervisory Body, as well as its hierarchical and organisational position and the purposes of its formation.

### 4.3. Termination and removal from office

The removal from office of the Supervisory Body and each member is the exclusive responsibility of the Board of Directors.

No member of the Supervisory Body can be removed from office, except for just cause. The following shall constitute just cause for the removal of members from office:

- the ascertainment by the Supervisory Body of commission of a serious breach during performance of duties;
- the assignment of operational functions and responsibilities to the Supervisory Body, or the occurrence of events, which are incompatible with

the requirements of autonomy of initiative and control, independence and continuity of action, which are requirements of the Supervisory Body;

- failure to inform the Board of Directors of a conflict of interest, even potential, that prevents the SB member from keeping the position;
- conviction of the Company pursuant to the Decree, which has become final, or a plea-bargaining sentence, if the proceedings demonstrate the lack of or insufficient supervision by the Supervisory Body;
- violation of confidentiality obligations with regard to news and information acquired in the exercise of the functions of the Supervisory Body;
- a conviction, even if not final, or application of the penalty on request (so-called "plea bargaining"), in Italy or abroad, for violations relevant to the administrative liability of entities pursuant to Legislative Decree 231/2001;
- a sentence, even prior to definitive sentence, or "plea bargaining" sentence for a punishment that entails disqualification, even temporary, from holding public office, or temporary exclusion from managerial offices of legal entities and businesses.
- for the member linked to the Company by an employment relationship, the initiation of disciplinary proceedings for facts that may lead to the sanction of dismissal.

If removal occurs without just cause, the removed member shall have the right to request to be immediately reinstated in office.

Each member may withdraw from the office at any time, by giving at least 30 days' written notice, to be sent to the Board of Directors by registered mail with return receipt. The Board of Directors shall appoint the new member during the first meeting of the Board itself, and in any case within 60 days from the date of termination of the terminated member.

In the event of termination of office of a member of the Supervisory Body set up in collective form, the other member or members remain in office and the Board of Directors must appoint another member as soon as possible.

#### 4.4. Requirements of professionalism and honourableness

No member of the Supervisory Body can have a professional or personal profile that could prejudice impartial judgement, authority and ethical conduct.

The Supervisory Body must be endowed with the following:

a) Competences:

- knowledge of the organisation and the main business processes typical of the

- field the Company operates in;
  - legal knowledge such as to allow for singling out cases in which it is likely that crimes may be committed;
  - ability to find and assess the impacts of the regulatory framework on the company;
  - knowledge of the principles and techniques of the task performed by Internal Auditing;
  - knowledge of the specialist techniques of those who carry out "inspection" and "consultancy" tasks.
- b) Personal traits:
- an ethical profile of unquestionable value;
  - objective credentials of competence on the basis of which real possession of the qualities described above can be demonstrated even to those outside.

#### 4.5. Obligations

The members of the Supervisory Body must fulfil their office with the diligence required by the nature of their office, the nature of the task performed and their specific skills.

In exercising its functions, the Supervisory Body must be guided by principles of autonomy and independence.

The members of the Supervisory Body must respect their obligation to keep news and information obtained while exercising their functions confidential.

#### 4.6. Causes of ineligibility and incompatibility

In order to guarantee the autonomy and independence of the Board, external members without operational tasks may be appointed.

The members of the Board must not have family ties with Top Management, nor must they be linked to the Company by economic interests (e.g. shareholdings) or any situation that could lead to a conflict of interest.

Persons who have been convicted - even if not final - of any of the crimes set out in the Decree cannot be appointed to the Supervisory Body.

If the Chairman or a member of the Board incurs any of the causes for ineligibility and/or incompatibility mentioned above, after carrying out the appropriate checks

and hearing the person concerned, the Board of Directors sets a deadline of no less than 30 days within which the situation of ineligibility and/or incompatibility must cease. If this period elapses without cessation of the aforementioned situation, the Board of Directors must withdraw the mandate.

#### 4.7. Functions and powers

The duties of the Supervisory Body are:

- to supervise compliance with the Model by the Addressees, its adequacy to the company structure and its effectiveness in preventing the commission of the crimes provided for by Legislative Decree 231/2001, as amended. In the event of proven failure to comply with the Model, the Supervisory Body will impose the disciplinary measures contained in Chapter 7;
- to update of the Model and adapt it to the changed conditions of the company or to the introduction of new crimes in the system of Legislative Decree 231/2001. In particular, the Supervisory Body must carry out reconnaissance of company tasks in order to update the mapping of tasks at risk of commission of crimes;
- to implement the control procedures foreseen by the Model, in particular in the Special Part, through periodic audits without prior notice and randomly within the tasks at risk, and send the results to the Board of Directors and the Board of Statutory Auditors;
- to provide internal Addressees of the Model periodic training, in particular in accordance with Chapter 6 below, and prepare the internal documentation necessary for the functioning of the Model and documentation containing instructions, clarifications and updates;
- to periodically report to the corporate bodies of illycaffè S.p.A. as better specified in paragraph 5.5 below;
- to ensure that a chronological register is kept of the tasks carried out, divided into homogeneous sections, in which the circumstances relevant to application of the Model are recorded, according to the provisions contained in this document;
- to liaison with other company functions (i.e. Internal Audit; Risk Compliance) for better monitoring of tasks in relation to the procedures established in the Model;
- to store documentation regarding the information received and the tasks carried out in relation to the control, monitoring and inspection tasks foreseen

by the Model.

In order to do its job, the Supervisory Body has free access to all relevant company documentation. In particular, certain information must in any case be made available to the Supervisory Body by the competent functions:

- decisions relating to the application for, disbursement and use of public funds;
- measures and news originating from criminal police bodies or from any other authority, from which one gathers that investigations are in progress, even on unidentified persons, for crimes referred to in Legislative Decree 231/2001 committed at illycaffè S.p.A.;
- information on effective implementation of the Model at all company levels;
- information flows sent by managers of other company department in the context of their control tasks from which relevant profiles could emerge with respect to compliance with the rules of Legislative Decree 231/2001;
- proxies and powers of attorney conferred within illycaffè S.p.A.

The Supervisory Body has in any case the power and duty to request information on all aspects of company business that may expose the company to the risk of commission of any of the crimes provided for by Legislative Decree 231/2001.

In order to effectively exercise its competencies, the Supervisory Body has the following:

- full access to all company documents and information;
- adequate means and resources. The Board of Directors of the Company assigns the Supervisory Body an annual expense budget for an amount suggested by the Board itself and, in any case, adequate for the functions assigned to it.

To better carry out its activities, the Board may delegate one or more specific tasks to individual members who will carry them out on behalf of the Board itself. With regard to delegated tasks, the responsibility deriving from them falls on the Board as a whole. The members of the Supervisory Body shall ensure the confidentiality of any information they obtain, with particular reference to reports of alleged violations of the Model, and shall refrain from using it for purposes that do not comply with their institutional duties. The Board independently decides on the expenses to be incurred in compliance with the company's signatory powers and, in the case of expenses exceeding the budget, must be authorised by the Chief Executive Officer.

#### 4.8. Verification tasks of the Supervisory Body



In order to ensure that the Model is updated and efficient, the Supervisory Body will carry out two types of checks:

- verification of deeds: at least once a year, the main corporate deeds and large contracts concluded by the company in areas of tasks at risk will be examined to verify that they have been worded and executed in accordance with the procedural and behavioural rules established by the Model;
- verification of the Model: a periodic, unannounced random check will be conducted on effective compliance with the established procedures of conduct of the Addressees, in particular internal Addressees.

At the discretion of the Supervisory Body, specific investigations and controls on compliance with the principles and procedures of the Model may be carried out.

#### 4.9. Internal and external collaborators

In order to do its job, the Supervisory Body may avail itself of the services of collaborators, including external ones, and is always directly responsible for the due fulfilment of the obligations of supervision and control deriving from the Decree.

Collaborators are required to comply with the diligence obligations provided for members of the Supervisory Body, as set out in point 5.5.

#### 4.10. Regular meetings and minutes

The Supervisory Body must meet at least once every 3 months and, in any case, whenever the need and/or opportunity arises.

Minutes of the meetings of the Supervisory Body must be recorded in a special book kept by the secretariat of the Supervisory Body.

The said minutes must show:

- the names of the members present;
- the agenda and any additions thereto;
- for each topic dealt with, statements recorded in the minutes where requested;
- the resolution adopted.

The minutes must be signed by those present.

#### 4.11. Regulation of the Supervisory Body

The definition of the aspects relating to the continuity of action of the Board, the scheduling of tasks, the recording of meeting minutes, the determination of the time frames for controls and the identification of controls and analysis procedures are the subject of specific regulations which will be approved independently by the Supervisory Body.

#### 4.12. Validity of resolutions

For the resolutions of the Supervisory Body to be valid, the majority<sup>1</sup> of the members in office must be present. For resolutions concerning delicate issues, so-called <sup>2</sup>sensitive or particularly important issues or issues concerning Top Management, the presence of all the members of the Supervisory Body in office is required.

The resolutions of the Supervisory Body are passed by the absolute majority of those present. Each member of the Board has the right to one vote, with the exception of the Chairman, who has two votes in the event of a tie. Voting shall be done in open, unless the Board decides otherwise.

Each member of the Supervisory Body who attended the meeting has the right to have the reasons for his dissent recorded in the minutes.

Any member of the Supervisory Body who, during performance of a given task, finds himself in a conflict of interest situation such as to determine in concrete terms a divergence between the interests of the Company and his personal interests, must inform the other members, and refrain from taking part in meetings and related deliberations, under penalty of invalidity of the resolution adopted.

#### 4.13. Responsibility

All the members of the Supervisory Body are jointly and severally liable to the Company for damages arising from non-fulfilment of the obligations of diligence in

<sup>1</sup> One-half plus one of the members in office.

<sup>2</sup> For example: discovery of any conduct at risk of commission of a crime, investigations by the judicial authorities into an employee or Top Management, assessment regarding the imposition by the competent function of disciplinary measures of particular importance against the personnel, etc.

the performance of their duties and the legal obligations imposed for the performance of their office.

The responsibility for the acts and omissions of the members of the Supervisory Body does not extend to those who, being free from guilt, had their dissent recorded in the minutes and promptly notified the Board of Directors of the Company.

Cases of negligent and/or inexperienced conduct by members of the Supervisory Body resulting in failure to monitor the implementation of, compliance with and updating of the Model, are punishable under the Disciplinary System.

#### 4.14. Information flows to corporate bodies and top management

The outcome of the checks and sanctioning measures taken are reported by the Supervisory Body to the company's top management by means of specific reports. In this way, the other corporate bodies can also take the necessary measures to ensure the effectiveness and purpose of the Model.

The report shall concern in particular:

- the tasks carried out by the Supervisory Body;
- the findings and all measures, including disciplinary measures, taken;
- the adequacy of the Model to prevent or reduce the risk of commission of crimes;

The Supervisory Body of illycaffè S.p.A. has the Board of Directors as its primary contact, to which it reports the state of implementation of the Model and the results of supervisory tasks.

Reporting shall take place on an ongoing basis, directly to the CEO and, on an annual basis, to the Board of Directors.

With regard to this form of reporting to the Board of Directors, the Supervisory Body prepares:

- an annual report summarising the work carried out by the Supervisory Body (overall tasks carried out, tasks not carried out for justified reasons of time and resources, necessary and/or appropriate corrective/improvement measures for the Model and their state of implementation), the results obtained from the job carried out and the work plan for the next reference period (audit plan).

The meetings with the corporate bodies the Board reports to must be recorded in minutes and a copy of the minutes is stored by the Board in the appropriate

archive according to the methods and times decided by the Board itself.

If the Supervisory Body finds particularly serious violations or the commission of a crime, it must report them to the Board of Directors no later than the day following the discovery of the violation of the Model or other suspicious behaviour, in order to allow for taking the measures they are responsible for.

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

Article 6, paragraph 2, letter d) of Italian Legislative Decree 231/01 imposes the provision in the Organisational Model of information obligations towards the Board appointed to oversee operation of and compliance with the Model itself. The obligation to have a structured information flow is conceived as a tool to ensure the supervision of the effectiveness and efficacy of the Model and for finding/assessing possible critical situations for which corrective actions must be taken.

The information provided to the Supervisory Body aims to improve its control planning tasks and does not involve prompt or systematic verification of any phenomena presented.

The obligation of a structured information flow, addressed to the corporate functions which risk the commission of crimes, must concern the following two macro areas:

- the periodic results of the control tasks carried out by them to implement the forms (summary reports of the tasks carried out, monitoring tasks, final indices, etc.);
- the anomalies or peculiarities found in the available information (an irrelevant act considered individually could be evaluated differently in the presence of repetitiveness or extension of the area of occurrence).

There can be two types of communications to the SB:

- *event-driven*: information flows that occur upon the occurrence of a specific event that must be reported to the SB;
- *periodic*: information flows on a periodic basis.

In particular, in addition to the information that may be specifically required in company procedures (to which reference should be made for the respective areas of competence), information of a reporting/time flow nature, or information/reports on periodic events and/or sensitive tasks, must be promptly sent to the Supervisory Body by all Addressees. All information subject to reporting

and notification to the Supervisory Body is specifically indicated and regulated in the document "Reporting system to the Supervisory Body", which is an integral part of this Model.

## 5. THE WHISTLEBLOWING REPORTING SYSTEM

In accordance with the provisions of Legislative Decree No. 24 of March 10, 2023, "Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019 on the protection of persons who report breaches of Union law and laying down provisions concerning the protection of persons who report breaches of national laws" which amended Article 6 of Legislative Decree No. 231/2001, illycaffè S.p.A. has implemented the appropriate dedicated internal reporting channels, aimed at enabling the individuals specifically identified by Article 3 of Legislative Decree No. 24/2023 to make reports concerning violations of European Union law or national legislative provisions of which they have become aware within their work context (i.e., employees, self-employed workers, collaborators, freelancers, consultants, trainees, shareholders, members of the administration and control bodies, etc.).

Pursuant to Legislative Decree No. 24/2023 "violations" constitute conduct, acts or omissions likely to harm the public interest or integrity of the public administration or private entity inherent in:

- a) violations of national and European provisions that consist of offenses regarding specifically identified areas (public procurement; services, products and financial markets and prevention of money laundering and terrorist financing; product safety and compliance; environmental protection; public health; consumer protection; privacy and personal data protection; network and information system security; etc.);
- b) violations of European provisions that consist of: i) acts or omissions that harm the financial interests of the Union; ii) acts and omissions concerning the internal market; iii) acts and conduct that frustrate the object or purpose of the provisions of Union acts in the above-mentioned areas;
- c) violations of national provisions that consist of: i) administrative, accounting, civil or criminal offenses; ii) unlawful conduct relevant under Legislative Decree No. 231/2001 or violations of organizational models (not falling under the previous categories of violations of national and European provisions).

illycaffè S.p.A. has defined the following reporting channels (also anonymous) suitable for ensuring the confidentiality of the reporter's identity and the security of information:

- IT portal, which ensures the security and protection of data and the confidentiality of information and identity of the reporter, through a system of encryption of communications, in line with the provisions of the relevant legislation: [www.https://illy.integrityline.com](https://illy.integrityline.com)
- by mail, to the following address: illycaffè S.p.A. c/o via Tagliamento 10, 00198 Rome (lawyer Daniele Piva).



In addition, it is possible to request - at the following e-mail address [avv.danielepiva@gmail.com](mailto:avv.danielepiva@gmail.com) - a direct meeting, physical or virtual, with the manager of the report in order to communicate directly with him/her on the subject of the report. illycaffè S.p.A. has entrusted the management of the internal reporting channels to an external professional, endowed with autonomy and independence from all illycaffè S.p.A. personnel, including top management and shareholders, subject to confidentiality obligations regarding the content of the reports and responsible for ensuring compliance with regulatory requirements regarding the receipt, analysis and response to the reports received.

The reporter may use the external reporting channel established by ANAC where one of the following conditions exists:

- in the work context, there is no provision for activation of the internal channel as mandatory or, if provided, it has not been activated;
- the report has not been followed up;
- has reasonable grounds to believe that, if he or she made the internal report, it would not be followed up or that he or she would face retaliation;
- has reasonable grounds to believe that the violation may pose an imminent or obvious danger to the public interest.

It should be noted that violations pertaining to unlawful conduct relevant under Legislative Decree No. 231/2001 or violations of the Organization, Management and Control Model (where they do not fall under violations of national and European provisions) may be made through the internal reporting channels set up by the Company only.

In compliance with the obligation of confidentiality provided for by Legislative Decree No. 24/2023 and applicable company procedures, the reporting manager shall promptly notify the Supervisory Board of the receipt of any reports concerning violations of the Model and/or unlawful conduct integrating the types of offenses presupposed by the Decree, including potential ones, and update it on the results of the analysis and investigation activities carried out.

illycaffè S.p.A. has provided for specific measures to protect whistleblowers and the other persons identified by Article 3 of Legislative Decree no. 24/2023, so that they are not subject to retaliation, discrimination or, in any case, penalizations related to reporting.

Any act taken in violation of the aforementioned measures and the provisions of Legislative Decree No. 24/2023 is null and void.

Without prejudice to the sanctions that may be imposed by the civil or criminal authorities pursuant to Article 16 of Legislative Decree No. 24/2023, and without prejudice to the administrative sanctions applied by ANAC pursuant to Article 21 of Legislative Decree No. 24/2023, the Sanctions System adopted by the Company

(referred to in Paragraph 7 of this Model) provides, among other things, for the imposition of disciplinary measures against anyone who violates the provisions of Legislative Decree No. 24/2023 on the subject of reporting unlawful conduct.

The management of reports by the Manager is governed by a specific procedure "*Whistleblowing Guidelines*", which regulates the reporting channels activated by illycaffè and their functioning, the relevant reports and the persons who can make them, the competence and management methods of the analysis and investigation activities consequent to the reports and the related terms, the measures of protection of the reporter, the conditions for making external reports and/or public disclosure.

illycaffè also makes available a special disclosure for external recipients, published in a special section of the company website.

## 6. PERSONNEL TRAINING

Training at the Company is an essential tool for the effective implementation of the Model and for the widespread diffusion of the rules of conduct and control adopted by the Company, in order to reasonably prevent the crimes, from which the Decree gives rise to the administrative liability of the entity. For the purposes of the constant implementation of the Model, in compliance with the provisions of the Guidelines of the Italian Federation of Manufacturers, illycaffè will develop an adequate periodic training programme.

The requirements that the training program must meet are as follows:

- be appropriate for the position held by the person within the organisation (new employee, clerk, middle manager, senior manager, etc.);
- the contents must be differentiated according to the task (tasks at risk, control tasks, non-risk tasks, etc.) carried out at the company by the person;
- participation in training courses must be compulsory and appropriate control mechanisms must be defined to monitor attendance;
- training must also be aimed at promoting an adequate level of awareness of the dynamics of the implementation of the crimes relevant for the purposes of Decree 231 within the corporate organisation.
- control mechanisms to check how much is learnt by participants shall be provided.

Training can, therefore, be classified as general or specific.

In particular, *general training* must involve all levels of the organisation in order to enable each individual to: know the precepts established by Legislative Decree 231/01 and be aware of the will to adopt them and make them an integral part of the group's corporate culture;

- be aware of the objectives that the Company aims to achieve through implementation of the Model and the way in which each person's duties contribute to achieving them;
- be aware of their role and responsibilities within the internal control system;
- know which behaviours are expected or acceptable and which behaviours are unacceptable;
- know the appropriate reporting channels for the type of information to be reported and the person the report is intended to reach, and in particular:
  - know to whom and how to report the presence of anomalies in the performance of company tasks;
  - be aware of the disciplinary measures that are taken in the event of

- violations of the Model's rules;
- know the powers and duties of the Supervisory Body.

*Targeted training*, on the other hand, concerns all those persons who, due to their job, need specific skills in order to handle the peculiarities of the job itself. For example, personnel working in the context of tasks reported as potentially at risk of committing certain crimes pursuant to the Decree, will receive both general and targeted training. Targeted training must enable the person to be aware of the potential risks associated with his/her task, as well as certain control mechanisms to be activated in order to monitor the task itself.

## 7. DISSEMINATION OF THE MODEL

### 7.1. Bringing the Model to everyone's attention

In order for the Model to be effective it is necessary to notify all Addressees about its adoption and contents.

Notification must be widespread, effective, clear and detailed, with periodic updates related to changes in the Model, in compliance with the Guidelines of the Italian Federation of Manufacturers. In particular, for notification to be effective it must:

- involve all hierarchical levels of the organisation (office workers, newly-hired staff, middle managers, senior managers, collaborators);
- use the most appropriate notification channels that are easily accessible to the addressees of the notification, in order to provide the information in a timely manner, enabling the addressee personnel to use the notification effectively and efficiently.

The Model of illycaffè is disseminated throughout the company electronically or printed on paper: a copy has therefore been lodged in the personnel department so that internal Addressees can read it at any time.

Therefore, all Addressees, especially internal ones have been notified of the rules of conduct, procedures and control systems adopted to implement the reference principles of the Model.

All those who work at illycaffè S.p.A. have been informed of the adoption of the Model and its contents, in particular with regard to the provisions of penal law that potentially apply to the tasks carried out in various fields, the procedures to prevent crimes from being committed and the behaviour that must be adopted by those who become aware of the commission of a crime at the company.

Senior Managers and Employees in general are required to sign a specific declaration of adherence to the Code of Ethics and commitment to comply with the procedures adopted in the Model.

The declaration itself must also be signed by the members of the Board of Directors.

### 7.2. Information for suppliers, external collaborators and partners

Through publication on the company's institutional internet site, illycaffè S.p.A. has also notified its suppliers, external collaborators and partners of the adoption and contents of the Model; they are required to respect them.

illycaffè also promotes awareness of the principles and rules of conduct provided for by the Code of Ethics and this Model among consultants, partners, collaborators in various capacities, customers and suppliers. These parties will therefore be provided with appropriate information and mechanisms will be put in place for the inclusion and acceptance of specific contractual clauses aimed at ensuring compliance with the principles and rules set out in the 231 Model.

Any non-compliance constitutes a serious breach of the relationship of trust, to the point of jeopardizing continuation of the relationship in the most serious cases.

## 8. DISCIPLINARY MEASURES FOR NON-COMPLIANCE WITH THE MODEL

### 8.1. General Principles

An adequate system of sanctions is envisaged in the event of non-compliance with the requirements of the Model and the principles and provisions set out in the Code of Ethics: depending on the seriousness of the violation.

In particular, violation of the Model is subject to sanctions when committed by persons in a "senior management" position, insofar as they are the holders of representative, administrative and managerial functions at the company or of one of its organisational units with financial and functional independence, or holders of the power, even only de facto, to manage or control the company; as well as violations committed by persons subject to the management or supervision of others or operating in the name and/or on behalf of illycaffè S.p.A.

The imposition of sanctions for violation of the Code of Ethics; the requirements of the Model and company procedures is irrespective of the outcome of any criminal trial. These rules in fact represent standards of behaviour and of company policy, and must be respected even if their violation does not constitute a crime prosecuted by penal law.

The provisions contained in the Disciplinary System do not preclude the addressees of the measures from exercising all the rights granted to them by law or regulations, as well as by collective bargaining and/or company regulations.

In addition to being published on the company's website, this Disciplinary System is posted at the company headquarters, in a place accessible to all.

### 8.2. Behaviours

For the purposes of this Disciplinary System, and in compliance with the provisions of collective bargaining agreements, where applicable, actions or behaviours carried out in violation of the Model adopted by illycaffè S.p.A., and its constituent elements as specified above, constitute conduct subject to sanctions.

In addition, failure to comply with the provisions of Art. 20 of Legislative Decree No. 81/2008, set out below, as well as with the procedures related to the safeguard of occupational health and safety, constitutes grounds for imposition of the sanctions provided for by this disciplinary system.



### **Legislative Decree 81/2008, Art. 20 - Obligations of workers**

*"1. Each worker shall take care of his own health and the health of other persons present at the workplace who are affected by his actions and failures, in accordance with his training and the instructions and means provided by his employer.*

*2. Workers must in particular:*

*a) contribute, together with the employer, senior managers and supervisors, to the fulfilment of the obligations of safeguarding occupational health and safety;*

*b) comply with the provisions and instructions given by the employer, senior managers and supervisors, for the purposes of collective and individual protection;*

*c) use work equipment, hazardous substances and preparations, means of transport and safety devices properly;*

*d) appropriately use the protective equipment provided to them;*

*e) immediately report to the employer, senior manager or supervisor any short-comings in the means and devices referred to in letters c) and d), as well as any dangerous condition they become aware of, take direct action, in case of an emergency, within their competence and possibilities, and without prejudice to the obligation referred to in the following letter f), to eliminate or reduce the situations of serious and imminent danger, and inform the workers' safety representative about them;*

*f) not remove or alter safety, warning or control devices without authorisation;*

*g) not carry out by their own initiative any task or manoeuvre which is not within their competence or which may endanger their own safety or the safety of other workers;*

*h) participate in educational and training courses organised by the employer;*

*i) undergo the health checks foreseen for them by this legislative decree or in any case ordered by the company physician.*

*3. Workers of companies that perform services under contract or subcontract, must show a special identification card, accompanied by a photograph, containing the personal details of the worker and indication of the employer. This obligation also applies to self-employed workers who perform their services directly at the same workplace and who are obliged to do so on their own account".*

In compliance with the constitutional principle of legality, as well as that of proportionality of the sanction, taking into account all the inherent elements and/or circumstances, it is deemed appropriate to draw up a list of possible violations,

according to the order of increasing seriousness:

1. non-compliance with the Model, if it is a matter of violations connected, in any way, with the "risk of commission of a crime" areas or "sensitive" tasks, as well as with the areas considered "instrumental" or "support" areas indicated in the Model, and provided that one of the conditions set out in n. 2 and 3 below is not met;
2. non-compliance with the Model, if it is a violation capable of integrating the sole fact (objective element) of one of the crimes provided for in the Decree;
3. non-compliance with the Model, if it is a violation aimed at committing any of the crimes provided for by the Decree, or in any case there is a danger that the Company may be held liable under the Decree.

In addition, violation of the provisions of Legislative Decree No. 24/2023 regarding the reporting of unlawful conduct constitutes grounds for the application of the sanctions provided for in this disciplinary system.

Specifically, the following are subject to disciplinary sanctions:

- the reporting person's civil liability for defamation or slander is established in cases of malice or gross negligence, unless the person has already been sentenced, also at first instance, for the offenses of defamation or slander or in any case for the same offenses committed with the report to the judicial or accounting authorities, without prejudice to the ANAC administrative sanctions pursuant to Article 21 of the aforementioned Decree no. 24/2023;
- retaliatory conduct in violation of Article 17 of Legislative Decree No. 24/2023, i.e., conduct, acts or omissions, even if only attempted or threatened, put in place by reason of the report and which cause or may cause, directly or indirectly, unjust damage to the person reporting or who has made the report;
- the conduct of those who obstruct or attempt to obstruct the reporting;
- violations of measures for the protection of the whistleblower, including with reference to the obligation of confidentiality;
- failure or inefficient performance of the activities of verification and analysis of reports.

### 8.3. Sanctions

The sanctions are imposed in compliance with the provisions contained in the following paragraphs, as well as with the rules found in the collective bargaining agreement, where applicable. In any case, the identification and imposition of

sanctions must take into account the principles of proportionality and adequacy with respect to the violation in question.

In this respect, the gravity of the violation will be assessed on the basis of the following circumstances:

- the timing and practical arrangements for carrying out the violation;
- the presence and intensity of the intentional element;
- the extent of the damage or danger to the Company as a result of the violation and to all employees and stakeholders of the Company itself;
- predictability of consequences;
- the circumstances in which the violation took place.

**Repeated offence** constitutes an aggravating circumstance and implies the imposition of a more serious sanction.

The imposition of the sanctions indicated below does not prejudice in any case the right of the Company to take action against the responsible party in order to obtain compensation for all damages suffered due to or as a consequence of the behaviour ascertained.

#### 8.4. Sanctions against employees

If it is ascertained that any of the violations indicated in paragraph 8.2 has been committed by a person who qualifies as an employee, the following sanctions will be imposed (borrowed from the relevant National Collective Labour Agreement).

The following disciplinary measures are in place:

- verbal reprimand;
- written warning;
- fine not exceeding three hours of normal pay;
- suspension from work and normal pay up to at most three days of work;
- dismissal without notice and with severance pay.

Specifically:

- for the violations referred to in point 1) of paragraph 8.2, the sanction of a verbal warning or a written warning will be imposed;
- for the violations referred to in point 2) of paragraph 8.2, the sanction of a written warning or a fine will be imposed;
- for the violations referred to in point 3) of paragraph 8.2, the sanction of

suspension or dismissal without notice will be imposed.

If the violation is serious enough to result in dismissal, the employee may be suspended from work as a precautionary measure until the sanction is imposed.

With the exception of verbal warnings, the employee shall be notified in writing according to the procedures provided for by the regulations on the imposition of disciplinary measures or, failing that, by registered letter with return receipt or by equivalent means that guarantee proof of receipt.

The sanctions that can be imposed on employees for violations of this Model are in line with those foreseen by the "National Collective Bargaining Agreement for Food Industry Employees" dated 14 July 2003, as amended, which will be adopted by illycaffè S.p.A., in compliance with the procedures foreseen by Article 7 of Law No. 300 of 30 May 1970 (Workers' Statute) and any special applicable regulations.

Disregard for the Code of Ethics and the procedures indicated in the Model on the part of Executives whose employment relationship is regulated by the "National Collective Labour Agreement for Executives of Companies that Produce Goods and Services" of 24 November 2004, as amended, determines the taking of the most appropriate measures in compliance with the provisions of the said National Collective Labour Agreement.

This is without prejudice, in compliance with and in accordance with the provisions of law and of the collective bargaining agreement in force, to any right of illycaffè S.p.A. to take action for damages caused to it by Employees, following the latter's violation of the Model, such as in the case the judge takes the measures provided for by the Legislative Decree 231/2001.

## 8.5. Sanctions against Directors

In the event of a violation of the Model by one or more members of the Board of Directors, the Supervisory Body will inform the Board of Directors and the Board of Statutory Auditors in writing, and the latter will take the appropriate action as provided for by current legislation. If it is found out that a director has committed any of the violations indicated in paragraph 3, the following sanctions shall be imposed:

- written reprimand;
- warning to immediately comply with the provisions of the Model;
- removal from office.

Specifically:

- for the violations referred to in point 1) of paragraph 8.2, the sanction of a written warning or a warning to comply with the provisions of the Model will be imposed;
- for the violations referred to in point 2) of paragraph 8.2, the sanction of a warning to comply with the provisions of the Model or removal from office will be imposed;
- for the violations referred to in point 3) of paragraph 8.2, the sanction of removal from office will be imposed.

If a director tied to the Company by an employee employer relationship is charged with a violation, the sanctions imposed are those provided for Senior Managers or employees, respectively, by the previous paragraph 8.4.

In this case, if the sanction of dismissal, with or without notice, is imposed, the director must also be removed from office.

## 8.6. Sanctions inflicted against suppliers, freelance workers and partners

The sanctions against external collaborators and partners who violate the rules of the Model by exposing themselves to the risk of committing any of the crimes provided for in Legislative Decree 231/2001 are defined in the specific clauses included in the relevant contracts.

These contracts must include suitable sanction mechanisms for the violation of the Code of Ethics and the Model: the measures (termination for non-fulfilment, express termination clause, penalty clause, etc.) will be evaluated case by case, depending on the identity of the counterparty.

This is without prejudice to any claim for compensation if the company suffers damage as a result of such a violation.

## 8.7. Sanctions related to whistleblowing reports

In any case, for all the cases described above, in deference to the provisions of Article 19 paragraph 3 of Legislative Decree No. 24/2023, the retaliatory or discriminatory dismissal of the reporter, is null and void.

Null and void are also the change of duties pursuant to Article 2103 of the Civil Code, as well as any other retaliatory or discriminatory measures taken against the reporter that may cause him or her "unfair harm," in accordance with the provisions of Article 2 c.1 letter m) of Legislative Decree No. 24/2023.

In the event of disputes related to the imposition of disciplinary sanctions, or to demotion, dismissal, transfer, or subjecting the reporter to any other retaliatory measure having direct or indirect negative effects on working conditions, subsequent to the submission of the report, it is presumed that such conduct was put in place because of the report. The Employer has the burden of proving that such conduct or acts are motivated by reasons unrelated to the report, according to the provisions of Article 17 c.2 and c.3 of Legislative Decree No. 24/2023.

## 8.8. The procedure for imposing sanctions

This section sets out the procedures to be followed during the imposition of sanctions following the commission of the violations set out in paragraph 8.2.

Following receipt of reports on the issues in the manner specified in the Annex entitled "Reporting system to the Supervisory Body" of the Model to which reference should be made, or the acquisition of information obtained during the course of its supervisory work, the SB assesses whether a violation of the Model has actually occurred on the basis of the elements in its possession: if so, it proceeds on the basis of the provisions of the following paragraphs; if not, it transmits the report to the CEO, for the purposes of assessing the possible relevance of the conduct with respect to other applicable laws or regulations.

### *The procedure for imposing sanctions on Directors*

If the Model has been violated by someone holding the office of director, not linked to the Company by an employee employer relationship, the Supervisory Body shall send a report to the Board of Directors and the Board of Statutory Auditors containing:

- a description of the conduct found;
- details of the person responsible for the violation;
- any documents proving the violation and/or other evidence;
- a possible proposal as to the appropriate sanction in the specific case.

On the basis of the elements acquired, the Board of Directors convenes the person indicated by the SB for a meeting of the Board.

The summons must:

- be put in writing;
- contain an indication of the contested conduct and the provisions of the Model that have been violated;

- inform the concerned party of the date of the meeting, with notice of the right to formulate any written or verbal remarks and/or deductions.

At the meeting of the Board of Directors, the Supervisory Body is also invited to attend, the concerned party will be heard, any deductions made by the latter will be acquired and any further investigations deemed appropriate will be carried out.

On the basis of the elements acquired, the Board of Directors determines the sanction considered imposable, and explains any disagreement with the proposal made by the SB.

In all cases in which a violation of the Model by a director linked to the Company by a subordinate working relationship is found, the procedure provided for in the following paragraphs for Senior Managers or employees will be instituted. If, as a result of this procedure, the sanction of dismissal is imposed, the Board of Directors shall promptly convene the Shareholders' Meeting to resolve on removal of the director from office.

*The procedure for the imposition of sanctions against other apical subjects*

If a violation of the Model by a senior manager (or another person) in a senior position is found, the procedure for ascertaining the crime is carried out in compliance with the provisions of the laws in force as well as the applicable collective labour agreements. In particular, the SB sends the Board of Directors and the Board of Statutory Auditors a report containing:

- a description of the conduct found;
- details of the person responsible for the violation;
- any documents proving the violation and/or other evidence;
- a possible proposal as to the appropriate sanction in the specific case.

The Board of Directors sends the Senior Manager a written notice of the charge pursuant to Article 7 of the Workers' Statute containing:

- an indication of the contested conduct and the provisions of the Model that have been violated;
- notice of the right to formulate any deductions and/or justifications in writing within 8 days of receipt of the notice.

Following this, on the basis of the elements acquired, the Board of Directors will decide on the determination and concrete imposition of the sanction, and explain any disagreement with the proposal made by the SB.



The decision to impose the sanction is communicated in writing to the concerned party, by the Board of Directors, within ten days from dispatch of the notice, or in any case within a shorter period of time envisaged by the collective bargaining agreement and applicable to the specific case.

The Supervisory Body, to which the measure imposing the sanction is sent for information, ensure that it is imposed.

*The procedure for imposing sanctions on employees*

If the Supervisory Body discovers a violation of the Model by an employee, the procedure for ascertaining the crime is carried out in compliance with the provisions of Art. 7 of the Workers' Statute, as well as the applicable collective labour agreements.

In particular, the SB sends the CEO a report containing:

- a description of the conduct found;
- details of the person responsible for the violation;
- any documents proving the violation and/or other evidence;
- a possible proposal as to the appropriate sanction in the specific case.

The CEO sends the concerned employee a written notice of objection pursuant to Art. 7 of the Workers' Statute containing:

- precise indication of the contested conduct and the provisions of the Model that have been violated;
- notice of the right to formulate any deductions and/or justifications in writing within eight days of receipt of the notice.

The challenge must be signed by the CEO.

Following any counter-deductions by the concerned employee, the CEO will decide on the determination and application of the sanction, and explain the reasons for any disagreement with the proposal made by the SB.

The Employee may formulate his/her own justifications, also verbally with the possible assistance of trade union representatives, within five days following receipt of the notice. Once this period has elapsed, disciplinary measures may be taken within the following ten days, under penalty of lapse.

Any disciplinary measure taken must be explained and communicated in writing to the employee.

The disciplinary measures referred to in letters a), b) and c) above may be challenged by the employee before the trade unions, in accordance with the contractual

provisions relating to labour disputes.

Dismissal for non-compliance may be challenged in accordance with the procedures provided for in Art. 7 of Law No. 604 of 15 July 1966 confirmed by Article 18 of Law No. 300 of 20 May 1970.

Disciplinary measures will not be taken into account for any purpose after two years after they were taken.

To this end, the Supervisory Body shall be responsible for recording the disciplinary measures taken in a special part of the chronological register of its work. The Supervisory Body, to which the measure imposing the sanction is sent for information, ensure that it is imposed.

#### *The procedure for imposing sanctions on third-party addressees*

If it discovers a violation of the Model by a third-party addressee, the Supervisory Body shall send a report to the Board of Directors, and to the Head of the Department holding a proxy to manage the contractual relationship in question, containing

- a description of the conduct found;
- details of the person responsible for the violation;
- any documents proving the violation and/or other evidence;
- a possible proposal as to the appropriate sanction in the specific case.

The Head of the concerned department decides on the determination and measures to be taken, and explains any disagreement with the proposal made by the SB.

The Department Head then sends a written notice to the concerned person, containing an indication of the contested conduct and the provisions of the Model which have been violated as well as the applicable contractual remedy.

The final decision to impose the sanction is communicated in writing to the concerned person by the Head of the concerned department, who also provides for the actual application of the sanction in accordance with the law and regulations.

The Supervisory Body, to which the notice is sent for information purposes, checks whether the applicable contractual remedy has been imposed.