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## MANUAL – ORGANISATION, MANAGEMENT AND CONTROL MODEL

Italian Legislative Decree no. 231 of 08 June 2001

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### 1. FOREWORD

GESSI S.p.A. was founded in 1990 by the Gessi family and today is a leading company in the field of sanitary tapware and bathroom accessories. Since its foundation, it has been pursuing its goals with the ability to embody the fundamental values of efficiency and dynamism, as well as attention, reliability, integrity and humility.

These values cannot be such if they do not rest on the solid and deep foundations that GESSI has and which are represented by the ethical values that underpin its business model.

Ethics is a fundamental aspect in the conduct of business at all levels, and this approach, in full compliance with the law, adds value to the company and to relations with all stakeholders for whom GESSI intends to be a trustworthy partner over the time.

The Code of Ethics and, more specifically, the Disciplinary Code, represent the core of this Organisation, Management and Control Model (hereinafter referred to as the model) that GESSI has adopted, in accordance with Legislative Decree No. 231 of 08 June 2001, in order to prevent the commission of offences within the company by directors, managers, employees and collaborators (hereinafter referred to as the Obligated Parties), and the consequent application of the penalties that GESSI S.p.A. may impose.

GESSI disseminates and makes available its model, code of ethics and code of conduct to the entire company, both internally and externally, including its subsidiaries, to all the Obligated Parties and, more generally, to all parties that have relations with GESSI, so that they can read it, assimilate its principles and comply with its prescriptions and rules of conduct.

Gian Luca Gessi  
Chief Executive Officer of Gessi S.p.A.

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### 2. INTRODUCTION

Gessi S.p.A. intends to adhere to the provisions defined in Legislative Decree No. 231/01, for this purpose the “guidelines for the construction of organisation, management and control models pursuant to Legislative Decree No. 231/2001” of CONFINDUSTRIA, edition of 07 March 2014, are taken into consideration. Some passages of these guidelines are proposed below in order to recall the basic concepts of the organisational model adopted.

Legislative Decree No. 231 of 08 June 2001 (hereinafter also referred to in the text as ‘Decree 231’) introduced into Italian law the liability of entities for offences resulting from the commission of a crime.

This is an autonomous system of liability, characterised by assumptions and consequences that are distinct from those for the criminal liability of natural persons.

In particular, the entity may be held liable if, prior to the commission of the offence by a person functionally connected to it, it had not adopted and effectively implemented organisational and management models capable of preventing offences of the kind committed.

As for the consequences, the establishment of the offence provided for in Decree 231 exposes the entity to the application of serious penalties, which affect its assets, image and activity itself.

Decree 231 provides for penalties for an entity that has failed to organise itself to avoid criminal phenomena within the company, when persons functionally referable to the entity have committed any of the offences indicated by the same decree.

It should be recalled that this new liability arises only when certain types of offences are committed by persons linked in various ways to the entity and only in the event that the offence is committed in the interest or to the advantage of the entity. Therefore, not only when the unlawful conduct has resulted in an advantage, whether patrimonial or not, for the entity, but also in the event that, even in the absence of such a concrete result, the offence is in the interest of the entity.

However, Article 6 of the provision provides for a form of ‘exoneration’ from liability for the entity if it proves, during criminal proceedings for one of the offences considered, that it has adopted and effectively implemented organisation, management and control models suitable for preventing the commission of the criminal offences considered. The system provides for the establishment of a control body within the entity with the task of supervising the actual effectiveness of the model. Lastly, the rule establishes that trade associations may draw up codes of conduct, on the basis of which the individual organisational models are to be drafted, to be communicated to the Ministry of Justice, which has thirty days to submit observations.

### 3. DEFINITIONS

#### Sensitive Area and Activities

Specific corporate activities potentially at risk of committing offences relevant to the Decree, the coordinated combination of which may constitute a Sensitive Area (e.g., a sensitive activity is the collection of information by the Administrative Function from other corporate Functions for the preparation of the financial statements which, together with other activities coordinated with it, contributes to forming the Sensitive Area of the Preparation of Financial Statements which is relevant for the purposes, inter alia, of the offence of false corporate communications).

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### BoD

The Board of Directors of Gessi S.p.A

### Code of Ethics and Conduct

The Code of Ethics and Conduct (hereinafter also referred to as the Code of Ethics or the Code) is the document that sets out the corporate principles and general rules of conduct to be followed by all Recipients, with a view to a business activity characterised by ethics.

### Decree

Legislative Decree No. 231 of 8 June 2001, as amended, which introduced into the Italian law the regulation of administrative liability arising from offences committed by legal persons, companies and associations, including those without legal personality.

### Recipients

Persons, including third parties, to whom the Organisational Model is addressed, and more specifically (i) members of the Board of Directors, (ii) members of the Board of Statutory Auditors, (iii) members of the Supervisory Body, (iv) employees of all ranks, qualifications, levels, whether permanent or fixed-term (v) trainees, temporary workers and the like, (vi) third parties in general, who have business relations with the Company, whatever their content and purpose (e.g. commercial or financial partners, consultants, suppliers, agents and mandatees in general, etc.).

### Information flows to the S.B.

This is the document, forming part of Gessi S.p.A.'s Model, which illustrates i) the information, communications and documentation that must be transmitted to the Supervisory Body, ii) the persons required to transmit them and iii) the relevant deadlines.

### Top managers

Top managers are considered to be those persons who hold functions of representation, administration or management of the Company or of one of its Departments with financial and functional autonomy, or who exercise, even de facto, the management and control thereof.

### Secondary staff

Secondary staff includes all persons working within the company under the direction or supervision of top managers.

### Gessi Group or Gessi

Companies belonging to the Gessi Group and in particular all those companies under Italian law directly and/or indirectly controlled by Gessi S.p.A.

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### Mapping of powers

Mapping of Powers is the document forming part of Gessi S.p.A.'s Model that describes the system of delegation of powers within the Company, also listing which persons can commit the Company towards third parties and within what limits.

### Model and/or Manual

Organisation, management and control model pursuant to Articles 6 and 7 of the Decree instrumental to the prevention of offences adopted by Gessi S.p.A.

### S.B.

Supervisory Body provided for in Article 6 of the Decree with the task of supervising the operation of and compliance with the Model, its knowledge within the Company and its updating.

### General section

This is the document forming part of the Gessi S.p.A. Model, which describes the Model itself and illustrates in particular:

- the reference regulatory framework;
- the criteria and activities carried out for the construction of the Model;
- the general principles and founding elements of the Model;
- the structure of the Model and the documents that form an integral part thereof;
- the modalities for the appointment and functioning of the S.B., with specification of the relevant powers, tasks and information flows;
- the methods of dissemination and communication of the Model;
- the criteria for adapting and updating the Model;
- the structure of the penalty system.

### Special section: protocols for the prevention of offences

This is the document forming part of the Gessi S.p.A. Model, which describes:

- the types of offences referred to in the Decree that the Company has decided to take into consideration on the basis of the characteristics of its business and the relevant risk profiles;
- the Areas and Activities sensitive to the commission of the aforementioned offences;
- the organisational structures involved in the sensitive Areas and Activities identified;
- the control instruments adopted by the Company, i.e. the set of principles, rules and control procedures aimed at preventing the commission of offences.

### Public administration or PA

For the purposes of the Model, the expression 'Public Administration' refers to that group of authorities, bodies and agents to which the legal system entrusts the care of public interests. They are identified as:

- national, community and international public institutions, understood as organisational structures whose task is to pursue the satisfaction of the interests of the community by legal means; this public function also qualifies the activity performed by members of the Commission of the European Communities, the European Parliament, the Court of Justice and the Court of Auditors of the European Communities;

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- public officials, i.e. those who exercise a public legislative (production of legal rules), judicial (exercise of jurisdictional power), administrative (characterised by the formation or manifestation of the will of the public administration or by its execution by means of authoritative or certifying powers) function (Article 357 of the criminal code);
- persons in charge of a public service, i.e. those who perform an activity regulated in the same manner as a public function, but characterised by the lack of the powers typical of the latter (Article 358 of the criminal code).

### **Predicate offence**

Criminal offence referred to by the Decree, the commission of which determines, in the cases provided for by the Decree, the administrative liability of the entity.

### **Manager of a Sensitive Area**

Person entrusted with the responsibility for a sensitive area in relation to any activity potentially exposed to the risk of offences being committed and, as such, also subject to checks carried out by the Supervisory Body.

### **Penalty System**

This is the document, forming part of the Gessi S.p.A. Model, which regulates procedures, principles of conduct, specific penalties and the relative methods of infliction, in the event of violation or non-compliance by the Recipients of obligations, duties and/or procedures provided for by the Model and/or the Code of Ethics.

### **Operator**

Person involved in the performance of a Sensitive Activity.

### **Gessi S.p.A. or the Company**

Gessi S.p.A., headquartered in Parco Gessi 13037, Serravalle Sesia (VC), Italy, VAT and tax code 02235360027 - Economic Administrative Index: VC-184137

### **Whistleblowing Policy**

This is the internal document, forming part of the Gessi S.p.A. Model, which integrates, without modifying or replacing them, the procedures for reporting to the Supervisory Body and the relative powers of control for matters within its competence, in implementation of Article 6, paragraph 2-bis let. a) and b) of Legislative Decree No. 231/2001. It describes the process and communication channels to be used for sending, receiving, analysing and processing reports of unlawful conduct and violations of the Model within Gessi and applies to all the persons referred to in Article 5 paragraph 1 let. a) and b) of Legislative Decree No. 231/2001.

### 4. FOREWORD: LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

The Decree introduced into the Italian law the regulation of administrative liability arising from offences committed by legal persons, companies and associations, including those without legal personality.

Pursuant to this legislation, an entity may be held directly liable and sentenced to one of the penalties provided for in the aforementioned regulations (i.e. pecuniary penalties and disqualifications, in addition to confiscation and publication of the sentence), if a person, whether senior or junior, has committed or attempted to commit one or more predicate offences, in the interest or to the advantage of the Company itself.

The objective prerequisite for the administrative liability of entities is that one of the offences set out in the Decree must have been committed. The liability of the entity, however, remains independent of the personal criminal liability of the perpetrator of the offence, meaning that the offence of the entity does not cease even if the perpetrator is not punished for reasons other than the non-existence of the offence itself.

The commission of a criminal offence, in order for the court to recognise the liability of the company, must fall within the sphere of the entity on the basis of precise connecting links:

- there must be a functional link between the perpetrator of the offence and the entity, which is liable for offences committed by persons who, de facto or de jure, have a representative, administrative or managerial role in the entity or in one of its autonomous departments (so-called senior managers), or by subordinates subject to management or supervision of senior managers;
- there must be an instrumental relationship between the offence and the entity's activity, meaning that the offence must have been committed in the interest or to the advantage of the entity, whose liability is excluded when it was committed in the exclusive interest of the perpetrator or of third parties.

The Decree also provides for a mechanism of exemption from liability.

This system operates differently when:

- a) the offence is committed by a senior manager or by persons who hold functions of representation, administration or management of the Entity, or of one of its departments with financial and functional autonomy, as well as by persons who exercise, also de facto, the management and control thereof;
- b) the offence is committed by persons subject to management of others.

In the first case, even if there are elements constituting the offence, the entity may be exempt from liability if it proves that:

- the governing body has adopted and effectively implemented, prior to the commission of the offence, organisational and management models pursuant to the Decree suitable for preventing offences of the kind committed (the Model);
- the entity has set up a body with autonomous powers of control (S.B.) entrusted with: i) supervising the functioning of the Model, ii) monitoring its compliance, iii) supervising its updating;
- the offence was committed by fraudulently circumventing the Model and the supervisory activity of the Company's S.B.;
- there was no lack of supervision on the part of the Supervisory Body (failure to supervise).

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In the second case, the Company's liability will be recognised when it is proven that the commission of the offence was made possible by the fact that persons in senior positions did not sufficiently observe the obligations of management and supervision.

In short, the liability of entities exists in those cases in which a company has set up a business organisation that is culpably negligent and careless, lacking adequate supervision, control rules and operating procedures, such as to facilitate the perpetration of criminal conduct, which can be traced back to the commission of a predicate offence within its structure.

Therefore, the drafting and adoption by the Company of an Organisational and Management Model pursuant to Legislative Decree No. 231/2001 meets the need to prevent the perpetration of the predicate offences and, should this occur, to prevent this action from being attributable to organisational fault.

In this perspective, Gessi's Model is intended to be characterised by efficiency and effectiveness, so that, within the scope of the company's activity, no one can commit one of the indicated offences if not by eluding, voluntarily and fraudulently and with all the responsibilities of the case, also towards the Company, the protocols provided for by the Model and the supervisory activity of the Company's Supervisory Body.

Among the offences indicated by the Decree, however, only a few may concretely concern the Company's activity; it is therefore with reference to these cases that the Model must compare its preventive effectiveness.

In order to identify the relevant offences, the Company has conducted an in-depth risk analysis focused on all decision-making and operational processes in order to identify which areas are subject to the risk of predicate offences being committed and to define which of them may actually be committed.

The offences examined, and the essential rationale for their examination and selection, are listed in the following document entitled: 'Special Section: Protocols for the Prevention of Offences'.

### 5. THE ORGANISATIONAL MODEL OF GESSI SPA

The Company, having acknowledged the legislation and its significance, has shared the need expressed by the Law-maker to implement crime prevention systems, and is also aware of the fact that ethics is an essential element for any company that intends to operate correctly and on a long-term basis. This need is particularly evident for a company like Gessi, which acts as a State authority. Gessi Spa has therefore intended to draw up and adopt a Model, setting up an internal control system to prevent the commission of offences by all its Recipients.

To this end, although the adoption of the Model is provided for by law as optional and not mandatory, the Company, in accordance with its corporate policies, adopted the Model for the first time with a resolution of the Board of Directors on 30 January 2013 and with the same resolution established the internal control body, i.e. the Supervisory Board, giving it the relevant powers.

The Model, in its preventive function, is addressed both to persons operating inside and outside the Company, on the sole condition that they find themselves operating in conditions and situations in which they may, by their conduct, create conditions likely to engage the liability of Gessi Spa.



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Among others, its primary recipients are the persons who hold functions of representation, administration or management of the Company, in its various articulations, as well as those who exercise, also de facto, the management and control of the Company, or of Departments endowed with financial and functional autonomy.

On the one hand, they operate under conditions that make it easier for them to engage the liability of the Company with their own conduct and, on the other hand, these 'senior' managers, in addition to being directly obliged to respect and actively comply with the Model, ensure its observance by those under their management or supervision.

The Model is intended to and must be observed by all Recipients and requires compliance with its general principles (in particular the principles of ethics and conduct set out in the Code of Ethics) also by third parties working with the Company.

This document defines the general criteria for identifying senior managers, subordinates and third parties in general, in order to identify the rules and regulations specifically applicable to each of them to the extent that they are differentially applicable.

It should be recalled that it may also be a source of liability for the Company if one of the offences referred to in the Decree is committed in the territory of a foreign state. The Recipients must therefore follow the prescriptions outlined in this Model even if the Company operates outside Italian territory or with non-Italian subjects.

The Company controls or holds interests in companies, which are intended to operate in various fields and have operational and management autonomy.

The operations of the aforesaid companies, the Company's relations with them and the conduct of the functions and persons assigned therein must be continuously monitored; in particular, the companies themselves must autonomously provide for the adoption of their own organisational model, in accordance with the guidelines prepared by the Company, and in any event comply with the rules of conduct adopted and applied by the Company.

For the purposes of preparing this Model, the Company has proceeded to design and elaborate its original version, taking into account the necessary links with the Group when drafting it, while maintaining its own specificity.

Specific reference has also been made to the articulated control system that already constitutes an adequate direction given to the Company's activities.

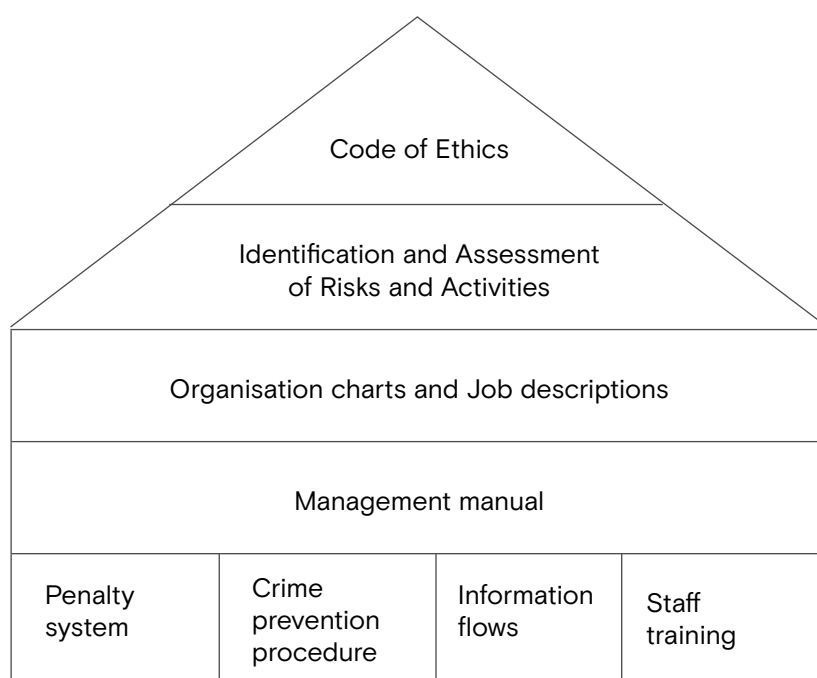
The Company has also taken due account of the regulatory requirements of the Decree, of group policies (group ethical principles) and made reference to the Guidelines drawn up by the main trade associations (e.g. Confindustria, etc.), while maintaining a specificity also linked to the particular activities performed by the Company.

Subsequently, the Model will be subject to continuous updating and improvement processes, in line with the evolution of the reference legislation and jurisprudential orientations; with the changes that have occurred in the Company's business, organisation and corporate processes; and in light of the reference guidelines.

In the process of updating and continuous improvement of the Model, account shall also be taken of the findings and suggestions emerging from the outcome of supervisory and monitoring activities on the effectiveness and correct application of the control tools adopted by the Company.

### **6. STRUCTURE OF THE DOCUMENTATION CONTAINED IN THE 231 MODEL**

The documentation produced by the Organisational Model adopted by Gessi S.p.A. is managed in accordance with the procedure PR 42-O1 “Document and data management”, which regulates GESSI S.p.A.’s documentation more generally.



The architecture of the organisational model documentation is schematically represented in the figure above. The general requirements, values and rules of conduct are defined at various levels of detail in the two codes: code of ethics, and supplier code of ethics. They represent the first step in the definition and development of the Organisational model.

The Risk Assessment is a process involving all corporate functions at various levels, aimed at identifying, describing and assessing the risks of individual offences being committed.

Organisation chart and job description describe the hierarchical order and responsibilities of each corporate function.

The Organisational Model is described in this Organisational and Control Model Manual.

The Crime Prevention Procedures describe the correct performance of tasks and processes, they define reporting and Information flows to the Supervisory Board.

The Penalty system, expressly provided for in the regulation at issue, considers penalties for individuals (at all levels) who do not comply with the provisions of the organisational model.

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Pursuant to Article 6, paragraph 2-bis let. a) and b) of Legislative Decree No. 231/01, an internal document was also prepared, the so-called Whistleblowing Policy, which describes the process and communication channels to be used for sending, receiving, analysing and processing reports of unlawful conduct and violations of the Model within Gessi and applies to all persons referred to in Article 5 paragraph 1 let. a) and b) of Legislative Decree No. 231/2001.

### 6.2 The Code of Ethics and Rules of Behaviour and Conduc

All Recipients, as part of their functions and responsibilities, shall carry out their activities with honesty, integrity, fairness and good faith, in compliance with all applicable legal regulations of the Italian legal system, including the applicable EU regulations, as well as in compliance with the Company's Code of Ethics and the procedures identified in this Model. All those who work and operate in and for the Company are required to observe and enforce these principles as part of their functions and responsibilities.

Inspiring one's work to the principles of the Model and the Code of Ethics is an essential element of work performance.

The members of the Board of Directors in setting business objectives are inspired by the principles of the Company's Code of Ethics, in compliance with the provisions of this Model.

None of the Recipients is authorised to pursue any business objective in violation of the laws in force, in particular by using the Company's or their own means and assets.

Also, any third parties that have relations with the Company are expressly required to comply with the Code of Ethics and the principles of conduct of the Company. In the event of non-compliance, the contractual penalties provided for in the Model shall apply.

All actions, operations, transactions and activities carried out by the Company and its agents on its behalf must be:

- Verifiable, traceable, documented, consistent and congruent, based on documentable and complete information;
- Legitimate, respectful of rules, procedures and regulations, and in compliance with the provisions of the Model and respectful of the principle of separation of the various corporate functions;
- Open to objective analysis and verification, with punctual identification of the persons and corporate functions involved and with separation between decision-making, executive and control functions, so that the differentiation of roles contributes to making it less likely that unlawful conduct will materialise that cannot be detected in the interrelation between the different functions.

### 6.3 Manual of the Management System 231

- Manual 231 constitutes the main document for describing, making known and verifying the Management System adopted by GESSI S.p.A.. It describes and/or refers to:
- The general principles defined by the Guidelines for the construction of organisational, management and control models pursuant to Legislative Decree No. 231/2001 of Confindustria
- The code of ethics and the general principles for defining the Objectives of compliance;
- the structure of the organisation and the definition of responsibilities;
- the description of the Integrated Management System including all the elements and requirements that are part of it;
- the operating methods adopted by GESSI S.p.A. with reference to the Management System procedures and their contents.

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Manual 231 is an integral part of Gessi S.p.A.'s corporate documentation and is therefore part of the rules for managing documentation, in particular Gessi Procedure 42.01 'Document and data management'. The rules include:

- drafting, with the collaboration of all relevant corporate functions;
- issue;
- distribution;
- updating according to the indications received;

The Board of Directors of Gessi approves Manual 231.

### 6.4 Distribution of Manual 231

The Company shall inform all Recipients of the Manual and the Code of Ethics, of their existence and train them on their contents.

The competent departments, in coordination with the other corporate functions and with the Supervisory Body, will promote initiatives for the dissemination and knowledge of the Manual and Code of Ethics and for the consequent training also with reference to any amendments and/or updates thereof.

Manual 231 is distributed according to a distribution list that includes:

- Internal Distribution;
- External distribution (if required);

In any case, the Manual is available on the corporate intranet for employees and the General Section and the Code of Ethics on the corporate website for all those who come into contact with the Company.

The copies distributed are divided into:

- Copies subject to updating;
- Copies not subject to updating.

Only those copies that are subject to updating are distributed in controlled form and thus kept constantly up-to-date.

### 6.5 Document and Data Control

The activities are defined in detail in company procedure PR 42-01 'Document and data management', with regard to the 231 system, document and data control covers:

Planning Documents: all documents containing the prescriptions of the 231 System belong to this category:

- Manual 231,
- Code of Ethics,
- Code of Ethics for suppliers,
- Risk identification and assessment,
- Penalty system,
- Prevention procedures.

Registration Documents all documents constituting records, reports, lists or anything else required by the prevention procedures. Records are kept in order to demonstrate, even after a period of time, the conformity of the Organisational system.

Documents of External Origin: all documents of external origin such as reports from the board of auditors, etc. are acquired, managed and stored internally as normal records.

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### 6.6 Adapting and updating the Model

The adoption and effective implementation of the Model constitute, by express legislative provision (Article 6, paragraph I, let. a) of the Decree No. 231/2001), a responsibility of the Governing Body.

Therefore, the power to update the Model, and its subsequent amendments and additions, is entrusted to the Board of Directors of the Company, which shall make use of the experience and indications of the Supervisory Board, except as expressly provided below.

Any necessary amendments and additions to the sections of the Model consisting of:

- Special section: protocols for the prevention of offences;
- Annex on mapping of powers

may also be made by the Chief Executive Officer or the Chairman, after consulting the Supervisory Board, who shall report to the Board of Directors.

The Company, in a dynamic perspective and with a view to constantly updating the Model, is committed to adapting and amending this Document depending on:

- Legislative novelties with reference to the regulation of the liability of entities for administrative offences;
- Significant changes in the organisational structure or business sectors of the Company;
- Significant violations of the Model and/or outcomes of audits on its effectiveness and in any case on the basis of application experience.

Amendments to this Model shall be duly brought to the attention of the Recipients under the supervision of the Supervisory Body.

### 7. RISK ANALYSIS 231

The Company has identified, among the offences provided for in the Decree, those whose commission is at risk in relation to its activities, while identifying the Sensitive Areas and Activities.

Gessi S.p.A. conducted, according to the scheme defined in CONFINDUSTRIA's guidelines, a risk identification and analysis activity that, starting from the company context and processes, highlights how events detrimental to the objectives of the organisational model may occur, in particular the commission of offences indicated as predicate offences.

The risk analysis was performed by an interdisciplinary working group appointed by the Chief Executive Officer of Gessi S.p.A.

The analysis, for each process, activity and for each predicate offence, concerned the probability that the event might occur and the probability of occurrence was then defined according to the scoring scheme as follows:

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3	High likelihood of the commission of the offence (frequent and repetitive activities or operations that are predicate to the offence).
2	Medium likelihood of the commission of the offence (infrequent and on average repetitive activities or operations that are predicate to the offence).
1	Low likelihood of the commission of the offence (few or no activities or operations that are predicate to the offence).
NA	Not applicable if the value is not defined within the judgement box is deemed not applicable or applicable without benefit or interest.

The analysis is repeated periodically and always on the occasion of legislative changes, company organisational changes, changes to production and structural processes, etc. The analysis covers the following aspects:

- applicability of a given event
- likelihood of occurrence
- company changes
- legislative amendments with particular reference to the introduction of new predicate offences.

The ensemble of analysis carried out, the identification of relevant offences and sensitive Areas and Activities, as well as the list of the corporate organisational provisions implemented to protect these Areas and Activities in order to prevent relevant offences, form the document 'special section: protocols and procedures'.

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- 1 Mapping of the so-called “sensitive” activities, with examples of possible methods of commission of offences and instrumental processes in which context, in principle, the conditions and/or means for the commission of the offences indicated by the Decree may exist.
- 2 The forecast of specific controls (as explained in the following Special Sections of this Model) in support of instrumental processes deemed exposed to the potential risk of commission of offences.
- 3 The establishment of a Supervisory Body, with attribution of specific tasks on the effective implementation and effective application of the Model.
- 4 The adoption of a penalty system (as explained in the Fourth Paragraph of the General Section of this Model) intended to ensure the effective implementation of the Model and containing the applicable disciplinary measures. In case of violation of prescriptions contained in the Model.
- 5 The performance of an information and training activity on the contents of this Model (as better detailed in the Fifth Paragraph of the General Section).

## 8. COMPANY ORGANISATION

The company organisation of Gessi S.p.A. is articulated and adapted to its size and activities.

The organisational chart, including the hierarchical reporting lines for the various positions, both subordinate and staff, is graphically described in the corporate organisational chart. The organisational chart is annexed to this manual and can be updated independently of the updating of the 231 manual. The responsibility for updating the organisational chart lies with the personnel management, after consultation with senior management.

The definition of the responsibilities and authorities of the individual corporate functions is described in the job description. The job description is an annex to this manual and can also be updated by the personnel management. The contents of the job description cover the description of normal work activities, the responsibilities of each function and the authority derived from it.

The job description may contain specific responsibilities with regard to the prevention activities of the predicate offences within the framework of the corporate organisational model. In particular, the specific responsibilities are defined in the individual prevention procedures with which each employee must comply.

Of particular interest is the company’s organisational scheme aimed at protecting health and safety in the workplace in accordance with the relevant laws.

In addition, for the identification of specific responsibilities of corporate figures, please refer to the Integrated management system manual, which defines, inter alia, the organisational aspects regarding:

- quality systems (ISO 9001),
- health and safety management system (ISO 45001),
- environmental management system (ISO 14001),

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### 9. SUPERVISORY BODY (S.B.)

#### 9.1 Foreword

As we have seen, Article 6 of Legislative Decree No. 231/2001 provides that the company may be exonerated from liability resulting from the commission of the offences indicated if the governing body has, inter alia:

a) adopted organisation, management and control models suitable for preventing the offences at issue;

b) entrusted the task of supervising the functioning, effectiveness, compliance, dissemination of knowledge and updating of the Model to a body of the entity endowed with autonomous powers of initiative and control (hereinafter the S.B.).

The entrusting of these tasks to the Supervisory Body and, of course, the proper and effective performance of these tasks are, therefore, indispensable prerequisites for exemption from liability, whether the offence has been committed by 'senior' managers (expressly provided for in Article 6) or by subordinates under the direction of others (as provided for in Article 7). Article 7 paragraph reiterates that the effective implementation of the Model requires, in addition to the establishment of a disciplinary system, its periodic verification, obviously by the body appointed for this purpose.

According to the foregoing, one can see the importance of the role of the S.B., as well as the complexity and onerousness of the tasks it has to perform.

In order to correctly configure the S.B., it is necessary to carefully assess the tasks expressly conferred upon it by law, as well as the requirements it must meet in order to adequately perform its duties.

#### 9.2 Identification of the supervisory body

##### 9.2.1 Composition of the supervisory body

The rules under review do not provide any indication as to the composition of the supervisory body. This means that it may consist of one or more persons.

In case of more persons, people from inside and outside the organisation may be called upon to be members of the Supervisory Body, provided that each of them meets the requirements.

Gessi considered it appropriate to entrust the function of the Supervisory Body to a collegiate body of three members. The Supervisory Body currently in office is a collegiate body, in line with what is suggested by the reference guidelines on the basis of the consolidated case law on the composition and characteristics of supervisory bodies pursuant to Legislative Decree No. 231/2001.

##### 9.2.2 Characteristics, functions and powers of the supervisory body

###### 9.2.2.1 Characteristics of the S.B.

Gessi S.p.A. states that:

- the activities carried out by the Supervisory Body may not be reviewed by any other corporate body or structure, it being understood, however, that the governing body is in any case called upon to supervise the appropriateness of its action, since the management body bears ultimate responsibility for the functioning (and effectiveness) of the organisational model;
- the Supervisory Body has free access to all the functions of the Company – without the need for any prior consent
- in order to obtain any information or data deemed necessary for the performance of its tasks under Legislative Decree No. 231/2001;
- the Body may avail itself – under its direct supervision and responsibility – of the assistance of all the structures of the Company or of external consultants.

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In the context of the procedures for the formation of the corporate budget, the management body approves an adequate allocation of financial resources, proposed by the Body itself, which the Body may use for any need necessary for the proper performance of its tasks (e.g. specialist advice, business trips, etc.).

The Company considers it particularly important that the choice of the members of the S.B. is made in full compliance with the indications of the Decree and the guidelines of the main trade associations. In this regard, the Company, in selecting possible candidates for the role and in defining the function as outlined in this Model, pays particular attention to the principles of:

- autonomy;
- independence;
- professionalism;
- integrity;
- continuity of action.

The requirements of Autonomy and Independence are preserved by preventing the members of the Supervisory Board from being assigned responsibilities and/or operational tasks in business or staff processes relevant to the Model and the Controls.

The interpretation of these requirements has led to many doubts and perplexities. It is clear that, for example, the payment of remuneration to a person, whether internal or external to the entity, for the activity in question does not constitute 'dependence'.

The requirements must be understood in relation to the functionality of the S.B. and, in particular, to the tasks assigned to it by law. The position of the S.B. within the entity must guarantee the autonomy of the control initiative from any form of interference and/or conditioning by any component of the entity (and in particular by the governing body). These requirements are ensured by the inclusion of the S.B. in question as a staff unit in a hierarchical position as high as possible and by providing for the "reporting" to the highest corporate operational top management or rather the Chief Executive Officer of Gessi S.p.A. or to the Board of Directors as a whole in the case of facts concerning the Chief Executive Officer.

With reference to the S.B. with multi-member composition, Gessi complies with the requirement of autonomy and independence both with reference to the Body as such and to its members individually considered.

In terms of Professionalism, the Company pursues the achievement and protection of the objective by selecting persons with corporate and control skills, with specific experience or training in carrying out inspection and control activities as well as risk assessment and prevention, and with appropriate legal skills.

This connotation refers to the baggage of tools and techniques that the S.B. possesses in order to effectively perform the assigned activity. These are specialised techniques peculiar to those who perform 'inspection' activities, but also consultancy in analysing control systems and activities of a legal nature, with particular regard to criminal law issues.

With regard to the inspection and analysis of the control system, reference is clearly made – by way of example – to statistical sampling; risk analysis and assessment techniques; measures for their mitigation (authorisation procedures; mechanisms for the juxtaposition of tasks; etc.); interview techniques and questionnaire processing; etc.. These techniques can be used ex post, in order to ascertain how an offence of the types under consideration could have occurred and who committed it (inspection approach); or in advance, in order to adopt – at the time of designing the Model and any subsequent amendments – the most appropriate measures to prevent, with reasonable certainty, the commission of such offences (consultancy approach); or, again, currently to verify that day-to-day conduct actually complies with those codified.

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With reference, on the other hand, to legal competences, it should not be forgotten that the regulation in question is in essence a criminal regulation and that the purpose of the S.B.'s activity is to prevent the commission of offences.

Therefore, knowledge of the structure and manner in which offences are committed is essential., which can be ensured by using external advice.

In this regard, as concerns occupational health and safety issues, the Supervisory Body must make use of all the resources activated for the management of the relevant aspects (as mentioned, RSPP – Head of the Prevention and Protection Service, ASPP – Prevention and Protection Service Managers, WSR – Workers' Safety Representative, MC – Occupational Physician, first aid officers, fire emergency officer).

The requirement of Continuity of Action must always be considered to be expressed by multiple factors such as: effectiveness and concreteness of verification and monitoring activities; frequency and consequentiality of sessions that meet the need to be held in sufficient number to oversee all the sensitive processes identified and to maintain a continuous control of follow-up activities.

In order to be able to guarantee the effective and constant implementation of a model as articulated and complex as the one outlined, it is necessary to have a structure dedicated exclusively to the Model without operational tasks that could lead it to take decisions with economic and financial effects.

This does not exclude, however, that this structure may also provide, as already mentioned, advisory opinions on the construction of the Model, so that it is not already born with weaknesses or flaws with reference to the offences that are intended to be avoided: advisory opinions, in fact, do not affect the independence and objectivity of judging specific events.

In order to ensure the effective fulfilment of the described requirements, it will be appropriate for members to possess, in addition to the professional skills described, formal subjective requirements that further guarantee the autonomy and independence required by the task, in particular:

- integrity,
- absence of conflicts of interest,
- absence of family relationships with corporate bodies and senior management,
- absence of final judgements for predicate offences.

The requirements of autonomy, integrity and professionalism are consistent with the various professional competences that contribute to the control of corporate management in the traditional corporate governance model (e.g. a non-executive or independent director; a member of the Board of Statutory Auditors; the person in charge of internal control).

At the time of the formal adoption of the Model, therefore, the governing body shall:

- regulate the main aspects relating to the functioning of the Body (e.g. appointment and removal procedures, term of office) and the subjective requirements of its members;
- inform the structure of the tasks of the Body and its powers, possibly providing for penalties in the event of non-cooperation.

The Supervisory Body is endowed with all the powers necessary to ensure timely and efficient supervision of the operation of and compliance with the Organisational model adopted by the company, in accordance with Article 6 of Legislative Decree no. 231/2001

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### **Ineligibility and disqualification**

Without prejudice to the assessment by the Board of Directors as set out below, no person may be appointed as a member of the Supervisory Board and, if appointed, shall be removed from office if:

- has conflicts of interest, even potential ones, with the Company;
- holds, directly or indirectly, significant shareholdings in the Company within the meaning of Article 2359 of the Civil Code.
- performs administrative functions with delegated powers or executive functions at the Company;
- is holder, directly or indirectly, of shareholdings of such a size as to entail control or significant influence over the Company;
- is in the legal condition of being disqualified, incapacitated, bankrupt or sentenced to a punishment entailing disqualification, even temporary, from public office or incapacity to exercise executive office;
- has been convicted or has agreed to the application of the penalty pursuant to Articles 444 et seq. of the Code of Criminal Procedure, without prejudice to the effects of rehabilitation, in relation to one of the offences set out in the Decree or to offences of the same nature (in particular, offences against property, against the Public Administration, against public faith, against public order, tax offences, bankruptcy offences, financial offences; etc.);
- has criminal convictions or other penalties in foreign countries for offences corresponding to those referred to above.

The Supervisory Board shall promptly notify the Board of Auditors and the Board of Directors of the occurrence of grounds for disqualification.

If one of the above-mentioned grounds for disqualification applies, the Board of Directors, having carried out the appropriate checks, having heard the person concerned and the other members of the Supervisory Body, and after obtaining the favourable opinion of the Board of Statutory Auditors, must adopt, by absolute majority, the measures it deems appropriate until the member's disqualification is declared.

In the event that the Supervisory Body is also composed of members belonging to the Board of Auditors, the prior hearing of the Board of Auditors shall be held only with regard to those members of the Board who are not members of the Supervisory Body.

The resolution of disqualification must be communicated to the Shareholders' Meeting at the earliest opportunity.

### **Suspension**

The Board of Directors, having heard the Board of Auditors and the other members of the Supervisory Body, may order the suspension from office of the member of the Supervisory Body who:

- was sentenced for an offence other than those for which revocation is provided for;
- was temporarily subject to a preventive measure;
- was subject to a precautionary measure of a personal nature.

In the event of the application, as a precautionary measure, of one of the disqualification measures laid down in the Decree, the Board of Directors, after hearing the person concerned and the other members of the Supervisory Body, subject to the favourable opinion of the Board of Statutory Auditors, must adopt by absolute majority the measures it deems appropriate, after having obtained the appropriate information, assess the existence of the conditions for suspending the member of the Supervisory Body.

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### Removal

The following constitute grounds for removal from office as a member of the Supervisory Body:

- significant breaches of the mandate conferred, with regard to the tasks indicated in the Organisational Model;
- breach of the obligations set out in the Supervisory Body's Regulation, where adopted;
- absence from three or more meetings, even if not consecutive, without a justified reason within a period of twelve consecutive months;
- the occurrence of circumstances that seriously and justifiably impair the member's independence or autonomy of judging;
- an irrevocable conviction of the Company pursuant to the Legislative Decree or a judgement applying the penalty at the request of the parties, which has become final, where the documents show an "omitted or insufficient supervision" by the Supervisory Body, pursuant to Article 6 paragraph 1, let. d of the Decree;
- breach of confidentiality obligations.

If one of the above-mentioned grounds for removal applies, the Board of Directors, having carried out the appropriate checks, having heard the person concerned and the other members of the Supervisory Body, and after obtaining the favourable opinion of the Board of Statutory Auditors, must adopt, by absolute majority, the measures it deems appropriate until the member's removal is declared.

### Activities of the Supervisory Body

The activities of the Supervisory Body must be continuously tracked and traceable, not only by means of detailed minutes of the meetings, but also by systematically keeping the working papers, which must always be identifiable even ex post.

Lastly, where the members of the Supervisory Body are all external to the Company, a delegate of the Management must always be appointed, who has the necessary professional requisites to support the action of the Supervisory Body and stimulate its action.

In particular, the delegate shall:

- Assist the Supervisory Body in its meetings;
- Coordinate periodic information flows;
- Stimulate urgent communications in relation to relevant facts that need to be investigated;
- Coordinate training initiatives;
- Support the activities of revising and updating the Model;
- In general, support the supervisory activities of the Supervisory Body and encourage its meetings with other corporate control functions in order to ensure the sharing of information and the results of auditing activities.

The Supervisory Body, in the performance of its duties, shall be bound by an obligation of confidentiality towards third parties and, in any case, may not use the information it becomes aware of for purposes other than those of its office.

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In particular, and in fulfilment of the indications set out in the preceding paragraphs, the Company has appointed by resolution of the Board of Directors a Supervisory Body in collegiate form.

The term of office of the Supervisory Body is three years and runs until the date of approval of the draft annual accounts by the Board of Directors.

In accordance with the principle of autonomy, the Supervisory Body drew up its own regulations governing its activities both internally and with the Company itself, delivering a copy to the Chief Executive Officer for the necessary coordination.

The Supervisory Body office is located at the registered office in Serravalle Sesia (VC), Italy.

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The e-mail boxes of the members of the Supervisory Body may be used for the communication of information flows under this Model.

Also, a budget was allocated to the Supervisory Body, by the resolution of the Board of Directors that adopted this Model, that it may manage for the exclusive needs of its office.

### 9.2.2.2 Functions of the Supervisory Body

The Supervisory Body is endowed with all the powers necessary to ensure timely and efficient supervision of the operation of and compliance with the Organisational model adopted by the company, in accordance with Article 6 of Legislative Decree no. 231/2001, and specifically for the performance of the following tasks:

a) supervision and control of the adequacy of the Model, i.e. verification of the efficiency and effectiveness of the Organisational model adopted and of its actual suitability with respect to preventing and impeding the commission of the offences provided for by Legislative Decree No. 231/2001;

b) verification of compliance with the methods and procedures laid down in the Organisational Model and detection of any behavioural deviations that may emerge from the analysis of information flows and reports to which the managers of the various functions are subject;

c) formulation of proposals to the governing body for any updates and adjustments to the adopted Organisational Model, to be carried out by means of amendments and/or additions, both with reference to sensitive Areas and Activities and to the management of the risk of offences being committed, and updating of the relevant procedures set out in the Special section: protocols for the prevention of offences and operating instructions, which may become necessary as a result of:

- \* significant violations of the requirements of the Organisational Model;

- \* significant changes to the internal structure of the Company and/or the manner in which the business activities are carried out;

- \* regulatory amendments;

d) detection and reporting to the governing body, for the appropriate measures, of those ascertained violations of the Organisational Model which may emerge from the analysis of the information flows, from the reports received as well as from the scheduled or spot checks and which may entail the emergence of a liability for the entity.

As concerns points c) and d), and more generally, all meetings with corporate bodies to which the Supervisory Body reports are documented by means of meeting minutes. A copy of the documentation is kept by the Supervisory Body.

e) proposals, to the Recipients, to issue directives for the execution and application of the procedures;

f) proposals to raise the awareness of the Recipients with regard to any issues concerning the administrative liability of Entities;

g) monitoring the adequate training and constant information of personnel with regard to the principles and prescriptions contained in the Model;

h) collection, examination, processing and storage of information and reports provided by the Recipients of the Model;

i) drawing up an information report, on at least an annual basis, to be communicated to the Board of Directors, on the verification and control activities carried out, on the effectiveness and efficacy of the Model, and on the outcome of the same, where necessary pointing out the need for amendments and/or improvements;

l) transmission of the report referred to in point above also to the Board of Auditors.

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The Supervisory Body is at the disposal of each Recipient to provide clarifications or explanations concerning possible doubts concerning the Model or situations connected with the performance of a sensitive Area or Activity.

### 9.2.2.3 Powers and faculties of the Supervisory Body

The Supervisory Body, for the full performance of the functions outlined above, is vested with the powers necessary for the proper functioning of the Model. In particular, the Supervisory Body is vested with the following powers, the list of which is to be considered as illustrative and not exhaustive:

- examining at any time the documentation and request information from the Recipients in relation to any Area or Activity subject to the control of the Supervisory Body and any anomaly that may be connected to the commission of offences. All the persons called upon by the Supervisory Body are required to cooperate with the Supervisory Body;
- proceeding at any time, within the scope of its independence and discretion, to control and verify the effectiveness and application of the Model;
- proceeding, following reports or measures of the competent authority, to control and verify the activities of the Recipients concerned by the report or measure, ensuring in any case respect for the principle of cross-examination and protection of confidentiality;
- verifying and requiring compliance with the principles of the Code of Ethics also from third parties;
- reporting to the competent bodies the prerequisites for the imposition of penalties (as governed by the Penalty System for any violations of the Model or non-compliance with the obligations of conduct set out in the Decree);
- reporting to the Chief Executive Officer any obstacles to the exercise of its activities;
- updating the list of data and communications to be transmitted to its office;
- making observations to the Board of Directors and the Board of Auditors on the management and performance of sensitive Areas and Activities;
- regulating, from an operational point of view, the fulfilments and timing related to the protocols set out in the Model and, in particular:
  - Suggesting the issuance of service announcements;
  - Regulating the flow of information, establish how it is to be transmitted and the timing;
  - Verifying the scheduling of meetings for the training of Recipients and/or new employees;
  - Proposing changes to the form and content of the reporting forms prepared by the Company for communications to the Supervisory Body;
  - Carrying out periodic checks, including spot and random checks, on compliance with the protocols and regular implementation of the adopted Model;
  - Conducting analysis of company activities in order to propose an adjustment of the mapping of Sensitive Areas and Activities to be proposed to the Board of Directors;
  - Verifying and requiring compliance with the principles of the Code of Ethics adopted by the Company also with reference to third parties;
  - Using the expense fund placed at its disposal by the Company in order to better organise control and supervisory activities pursuant to the Decree;
  - Acting upon a report, even anonymous, of a violation of the model or of the commission of an offence, recording every activity and decision concerning the investigation carried out, even if negative.

In carrying out its activities, the Supervisory Body may avail itself of Company personnel and/or external consultants. The Supervisory Body may also avail itself of the collaboration of a person within the Company identified by the Management. The Supervisory Body shall inform the Recipients of the names of the collaborators it intends to avail itself of, so that all those concerned are aware of the need for adequate collaboration.

The Supervisory Body has the power to request meetings or information and to cooperate with the other Group Supervisory Bodies for the purpose of general coordination within the Group itself when particular issues can be duly addressed with the necessary involvement of the latter or when a certain activity of the Company involves contact with other Group companies. It has the corresponding obligation to cooperate and provide information to the other Supervisory Bodies in the event of requests for information from other Group Supervisory Bodies.



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The Supervisory Body establishes with all the control bodies established within the Company and compliance a relationship of mutual information on their respective control activities, also in order to avoid overlaps and at the same time to ensure a complete and effective control system in relation to the institutional competences of each control body.

### *9.2.2.4 Disclosure by the Supervisory Body.*

The Supervisory Body must report on the implementation of the Model and the emergence of any critical issues.

Two Supervisory Body reporting lines are envisaged:

- the former, on an ongoing basis, directly to the Chief Executive Officer;
- the second, on a periodical basis at least every six months, to the Board of Directors and the Board of Auditors.

The reporting covers:

- activities carried out by the S.B.;
- reports received (in accordance with the Whistleblowing Policy);
- any critical issues (and suggestions for improvement) that have emerged both in terms of conduct or events within the Company, and in terms of the effectiveness of the Model;
- regulatory amendments.

If the Supervisory Body detects critical issues referable to the Chief Executive Officer, the Chairman or one or more members of the Board of Directors or the Board of Statutory Auditors, the corresponding report shall be promptly reported, after the necessary preliminary verification and investigation activities have been carried out, to all the members of the Board of Directors and the Board of Statutory Auditors, who shall be promptly convened and brought together, excluding the person concerned.

### **9.2.3 Obligations to inform the supervisory body and Whistleblowing**

Gessi S.p.A., in compliance with the provision contained in letter d) of the second paragraph of Article 6 of Legislative Decree No. 231 provides for the obligation to inform the Supervisory Body, therefore it promotes and facilitates in every way the collaboration of all the Recipients of these rules, spreading the knowledge of the principles and benefits for the Company and for those who work within it.

The obligation to inform the Supervisory Body is conceived as a further tool to facilitate the supervisory activity on the effectiveness of the Model and, if necessary, to ascertain ex post the causes that made it possible for the offence to be committed.

In view of the above, the Company provides all necessary protection for whistleblowers, also in compliance with the legal provisions set out below in this Article.

Intercourse with the Supervisory Body may take place in different operational modes. They are precisely regulated and cadenced with reference to the periodic reports falling within the competence of the internal functions, and follow the regulations in force with regard to so-called whistleblowing.

It should be clarified that the information provided to the Supervisory Body is intended to enable it to improve its control planning activities and not, on the other hand, to impose on it punctual and systematic verification activities of all the phenomena represented. In other words, the Supervisory Body is not under an obligation to act whenever there is a report, since it is left to its discretion and responsibility to determine in which cases it should act.

The obligation to provide information is also provided for the purpose of giving greater authority to requests for documentation that are necessary for the Body in the course of its checks.

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The obligation to inform is also extended to employees who come into possession of information relating to the commission of offences in particular within the entity or to “practices” that are not in line with the Code of Ethics or the Disciplinary Code that Gessi has issued.

It should be emphasised that the obligation to inform the employer of any conduct contrary to the Organisational Model is part of the broader duty of diligence and duty of loyalty of the employee referred to in Articles 2104 and 2105. These rules establish, respectively:

“1. The employees shall use the diligence required by the nature of the job to be performed, by the interest of the company and the higher interest of national production.

2. Furthermore, they are expected to follow the instructions for the performance and discipline of work given by the employer and his/her co-workers whom they shall report to” (Article 4) and “The employees shall not deal with business, on their own account or on behalf of third parties, in competition with the employer, nor divulge information relating to the organisation and production methods of the enterprise, or use it in such a way that could be prejudicial to the latter.” (Article 2105).

Accordingly, as part of these duties, the correct fulfilment of the obligation to inform by the employee cannot give rise to the application of disciplinary penalties.

The Supervisory Body receives copies of disciplinary measures if they are related to 231 issues.

In regulating an effective reporting system, Gessi guarantees confidentiality to those who report violations.

Likewise, Gessi provides for deterrent measures against any improper disclosure, both in terms of content and form.

By regulating the way in which the obligation to provide information is to be fulfilled, the intention is not to encourage the phenomenon of reporting so-called internal rumours, but rather to implement that system of reporting real facts and/or conduct that does not follow hierarchical lines and that allows staff to report cases of breaches of rules by others within the entity, without fear of retaliation. In this regard, the Body also takes on the characteristics of the Ethics Officer, without – however – granting him/her disciplinary powers, which should be allocated to the Board of Directors.

In any case, anyone needing to speak with the Supervisory Body shall be entitled to ask to be heard by that Body.

### *9.2.3.1 Information to the Supervisory Body*

The obligation to provide information to the Body is addressed to all functions, and in particular to the corporate functions at risk of offences. The recipients are required to transmit the following information:

#### **Immediate information**

The recipients are required to report to the Supervisory Body without delay:

1. any information concerning the commission or possible commission of offences relevant to the Decree or in any case consisting of conduct contrary to the principles contained in the Code of Ethics;

2. any anomaly that emerged in the context of the sensitive Areas or Activities or in other activities connected therewith, taking into account the normal course of the aforesaid activities and the analysis of the risk profiles of commission of the offences referred to in this Model (an event that is not relevant if considered individually, could assume a different assessment in the presence of repetitiveness or extension of the area of occurrence).



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In this case, the information may concern, for example:

- decisions relating to the application for, disbursement and use of public funds;
  - requests for legal assistance made by managers and/or employees against whom the Judiciary charges for offences under the aforementioned legislation;
  - measures and/or information from judicial police bodies, or from any other authority, from which it can be inferred that investigations are being carried out, even against unknown persons, for offences under Legislative Decree no. 231/2001;
  - committees of inquiry or internal reports which reveals responsibility for offences under Legislative Decree No. 231/2001;
  - information on the effective implementation, at all levels of the company, of the organisational model, with evidence of disciplinary proceedings carried out and any penalties imposed or orders to dismiss such proceedings with the relevant reasons;
  - summaries of contracts awarded following national and European tenders, or by private negotiation;
  - information about orders awarded by public bodies or entities performing public utility functions.
3. the inadequacy of a given procedure to effectively prevent the offence;
  4. the modification or introduction of new activities of the company such that the mapping of risk areas made by the company is no longer current;
  5. any attempt by a public official or a person in charge of a public service to engage in concussive conduct or incitement to corruption.

The recipients are required to promptly provide the Supervisory Body with the information and clarifications requested by it, with regard to the sensitive Areas and Activities pertaining to them or to others connected to them.

Copies of invitations and minutes of meetings of the Board of Directors, Shareholders' Meetings and meetings of the Board of Statutory Auditors must be sent to the Supervisory Body in a timely manner.

### Periodic information

In any case, and in any event, the Managers of the various Sensitive Areas and Activities are required to send the Supervisory Body an update on the situation in their area with regard to the periodic results of the control activities carried out by them to implement the models (summary reports of the activities carried out, monitoring activities, final indices, etc.), in particular the functions concerned shall fill in on a regular basis the Information flows "forms" to the Supervisory Body. The information flows document is attached to this manual.

This information will tend to be provided at least once every six months in correspondence with the corresponding report by the Supervisory Body itself.

In particular, this report should contain information on:

- the start of a project or operation within a sensitive Area or Activity;
- nature of this project;
- names of third parties who are involved in various ways in the performance of company activities;
- any kinship relations of persons involved in the performance of company activities with public officials or persons in charge of a public service;
- significant changes or variations affecting information, data or documentation previously communicated to the Supervisory Body;
- conclusion of the project or operation;

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- meetings with Public Administration actors;
- periodic reports on occupational health and safety and copies of second- and third-party audits received by Gessi S.p.A., particularly those carried out by scheme certification bodies:
  - ISO 45001, occupational health and safety,
  - ISO 14001, environmental management system;
- any other sensitive activity the performance of which may be relevant in relation to the preventive and mitigating system set out in this Model.

The Company shall, without prejudice to what is set out below in terms of whistleblowing, adopt appropriate and effective measures to ensure that the identity of those who transmit to the Supervisory Body information useful for identifying conduct that does not comply with the provisions of the Model and the procedures established by the internal control system is kept confidential, without prejudice to legal obligations and the protection of the rights of the company or of persons wrongly accused and/or in bad faith.

The Supervisory Body implements the necessary measures to guarantee whistleblowers in good faith against any form of retaliation or discrimination and assesses the reports received with discretion and responsibility.

To this end, it may hear the author of the report and/or the person responsible for the alleged violation, giving reasons in writing for any independent decision not to proceed in the sole case of a report concerning the commission of specific offences.

The Supervisory Body may also consider and assess anonymous reports, which must in any case describe in detail the facts and persons concerned by the report.

All the documentation relating to the reports received by the Supervisory Body (report forms and annexes, reports, media containing information, copies of company documents, anonymous letters, etc.) shall be kept, in accordance with the filing procedures deemed most appropriate by the Supervisory Body and in any case using techniques that guarantee that they cannot be altered, for a period of not less than 12 years from the time when the documentation is received by the Supervisory Body or is forwarded by it to other parties.

### 9.2.3.2 Whistleblowing

On 29 December 2017, Law No. 179 of 30 November 2017 came into force, which provides for 'provisions for the protection of the authors of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship'.

This Law introduced paragraphs 2 bis, 2 ter and 2 quater to Article 6 of Legislative Decree No. 231/2001.

In particular, paragraph 2 bis provides that the organisation and management models pursuant to Legislative Decree No. 231/2001 must provide for:

- one or more channels enabling the persons indicated in Article 5 paragraph 1, let. a) and b) of the Decree to submit, for the protection of the entity's integrity, detailed Reports of unlawful conduct or violations of the entity's organisational and management model, of which they have become aware in the course of their duties; the channel(s) must guarantee the confidentiality of the whistleblower's identity in the management of the report;
- at least one alternative reporting channel capable of ensuring, through computerised means, the confidentiality of the reporting entity;
- the prohibition of retaliatory or discriminatory acts, whether direct or indirect, against the whistleblower for any reason relating directly or indirectly to the report;
- penalties against those who violate the whistleblower protection measures and those who make Reports that prove to be unfounded with wilful misconduct or gross negligence.

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Paragraph 2 ter of Article 6 introduces the possibility of denouncing the adoption of discriminatory measures against whistleblowers. The complaint can be made (by the whistleblower or by the trade union organisation indicated by the whistleblower) to the National Labour Inspectorate.

Paragraph 2 quater of the same article, finally, states the nullity of the retaliatory or discriminatory dismissal of the whistleblower, as well as the nullity of the change of duties pursuant to Article 2103 of the Civil Code and of any other retaliatory or discriminatory measure taken against the whistleblower. In addition, the employer is required to prove, in the event of disputes relating to the imposition of disciplinary penalties, demotions, dismissals, transfers or subjecting the whistleblower to other organisational measures with direct or indirect negative effects on working conditions arising after the report, that such measures are based on reasons unrelated to the report.

On 15 March 2023, Legislative Decree No. 24 of 10 March 2023, implementing the EU Directive 2019/1937 on Whistleblowing, was published in the Official Journal.

The purpose of the decree is to regulate ‘the protection of persons who report violations of national or European Union law that harm the public interest or the integrity of the public administration or private entity, of which they have become aware in a public or private employment context’.

Finally, the reference regulatory framework was completed with the ANAC Guidelines (hereinafter also referred to as the ‘ANAC LG’), adopted by resolution of 12 July 2023, setting out procedures for the submission and management of external reports, as well as indications and principles that public and private bodies may take into account for internal channels.

Moreover, on 27 October 2023, Confindustria guidelines were published concerning operational indications to be declined according to the specificities of each corporate structure, such as: the choice and establishment of the internal reporting channel; the identification of the person called upon to handle the report and the activities he/she must perform to follow it up.

The cornerstones of the current legislation can be summarised as follows:

- the guarantee of the confidentiality of the identity of the whistleblower, who had submitted reports of unlawful conduct or violations of the Management, Organisation and Control Model pursuant to Legislative Decree No. 231/2001;
- the availability of communication channels to the whistleblower, ensuring the confidentiality of his/her identity;
- the prohibition of retaliatory or discriminatory acts (including dismissal) against the whistleblower;
- penalties against those who violate the whistleblower protection measures and those who make reports that prove to be unfounded.

### 9.1 Subjects

According to current legislation, persons working in the work environment of a public or private sector entity are entitled to report as:

- public employees (i.e. employees of the public administrations referred to in Article 1, paragraph 2 of Legislative Decree No. 165/01, including employees referred to in Article 3 of the same decree, as well as employees of the independent administrative authorities responsible for guaranteeing, supervising or regulating; employees of public economic entities, private law entities subject to public control, in-house companies, public law bodies or public service authorities);
- employees of private sector entities;
- self-employed persons working for entities in the public or private sector;
- collaborators, freelancers and consultants working for entities in the public or private sector;
- volunteers and trainees, paid and unpaid;
- shareholders and persons with administrative, management, control, supervisory or representative functions, even where such functions are exercised on a de facto basis, in public sector or private sector entities.

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Reporting can be done:

- when the legal relationship is ongoing;
- during the probationary period;
- when the legal relationship has not yet begun, if information on violations was acquired during the selection process or at other pre-contractual stages;
- after the dissolution of the legal relationship if the information on violations was acquired before the dissolution of the relationship (pensioners).

Protection measures are also granted to:

- the facilitator (a natural person who assists the whistleblower in the reporting process, operating within the same work context and whose assistance must remain confidential);
- persons in the same employment context as the reporting person, the person making a complaint or the person who has made a public disclosure and who are linked to them by a stable emotional or family relationship up to the fourth degree;
- co-workers of the reporting person or of the person filing a complaint or making a public disclosure, who work in the same work environment as the reporting person and who have a regular and current relationship with that person;
- entities owned by the reporting person or for which those persons work as well as entities operating in the same work environment as those persons.

### 9.2 Subject matter of the report

The report may concern:

- administrative, accounting, civil or criminal offences;
- unlawful conduct within the meaning of Legislative Decree No. 231 of 8 June 2001 (predicate offences, for example: undue receipt of funds, fraud to the detriment of the State, a public body or the European Union for the purpose of obtaining public funds, computer fraud to the detriment of the State or a public body and fraud in public procurement), or violations of the organisation and management models provided for therein;
- offences falling within the scope of European Union acts in the following areas: public procurement; services, products and financial markets and prevention of money laundering and terrorist financing; product safety and compliance; transport safety; environmental protection; radiation protection and nuclear safety; food and feed safety and animal health and welfare; public health; consumer protection; privacy and personal data protection; and network and information system security;
- acts or omissions affecting the financial interests of the EU; acts or omissions affecting the internal market (e.g. competition and state aid violations);
- acts or conduct that frustrate the subject or purpose of the provisions of EU acts.

The report may also concern:

- information on conduct aimed at concealing the above violations;
- unlawful activities that have not yet been carried out but which the whistleblower reasonably believes may occur in the presence of concrete, precise and concordant elements of well-founded suspicions.

The violations reported must be those that are typified and affect the public interest or the interest in the integrity of the public administration or entity.

The provisions of the decree do not apply 'to objections, claims or demands linked to an interest of a personal nature of the reporting person that relate exclusively to his or her individual work or public employment relationships, or inherent in his or her work or public employment relationships with hierarchically superior figures'.

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### 9.3 Content of the report

The Report must be based on precise and concordant facts about the facts and persons reported and made in good faith.

If the Report proves to be, due to wilful misconduct or gross negligence, false, unfounded and/or made for the sole purpose of harming the Person reported, or aimed at reporting situations of an exclusively personal nature and outside the scope of the provisions of the law, it will not be taken into account and the conduct will be subject to disciplinary proceedings pursuant to Article 7 of Law No. 300/70 or termination of the contract or appointment.

The Whistleblower must provide all the elements to his knowledge, useful to proceed to the due and appropriate checks and verifications, in order to ascertain the merits of the facts that are the subject of the Report. To this end, any useful documentation supporting the potential unlawful conduct reported must be attached.

By way of example but not limited to, the report must indicate:

- details of the person making the report, indicating the position or function held;
- a clear and complete description of the facts being reported;
- if known, the circumstances of time and place in which the acts were committed;
- if known, the personal details or other elements (such as job title and the department in which the activity is carried out) that make it possible to identify the person(s) who has/have carried out the reported facts;
- an indication of any other persons who may report on the facts being reported;
- an indication of any documents that may confirm these facts;
- any other information that may provide useful feedback on the existence of the reported facts;
- possible presence of conflict of interest.

Anonymous reports, i.e. without any elements enabling their author to be identified, provided that they are made in accordance with the procedures set out in this Document, will be taken into consideration if they are such as to bring to light circumstantial facts relating to specific contexts (e.g. indications of particular names or qualifications, mention of specific offices, proceedings or events, etc.). The requirement of the truthfulness of the facts or situations reported remains unaffected, in order to protect the reported person.

It should be noted, in any case, that reports based on mere suspicions or rumours will not be acted upon: this is because it is necessary to take into account the interest of third parties who are the subject of the information indicated in the report, as well as to avoid unnecessary and costly internal inspections by the companies.

It is mandatory for the whistleblower to declare – when making the report – the possible presence of a conflict of interest.

In the light of these indications, the report can therefore be deemed inadmissible for:

- lack of data constituting the essential elements of the report;
- manifest groundlessness of the facts attributable to the infringements typified by the lawmaker;
- presentation of facts of such general content that they cannot be understood by the offices or person in charge;
- production of documentation only without the actual reporting of violations.

In the light of the above, in the event that the report proves to be inexecutable or inadmissible, the offices or person in charge of handling the report may proceed to file it, while ensuring the traceability of the supporting reasons.

### 9.4 Protection of confidentiality

The identity of the persons involved (reported) and of the persons mentioned in the report is subject to protection by public and private sector entities, ANAC, as well as by the administrative authorities to which ANAC transmits external reports falling within their competence, until the conclusion of the proceedings initiated as a result of the report, in compliance with the same guarantees provided for in favour of the whistleblower.

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The identity of the whistleblower may not be disclosed to persons other than those competent to receive or act upon the report. The prohibition to disclose the identity of the whistleblower refers not only to the name of the whistleblower but also to all the elements of the whistleblowing, from which the identification of the whistleblower can be derived, even indirectly.

### 9.5 Prohibition of retaliation

Any form of retaliation, even if only attempted or threatened, by which is meant any conduct, act or omission, even if only attempted or threatened, occurring as a result of the reporting, the complaint to the judicial or accounting authorities or public disclosure and which causes or may cause the reporting person or the person making the complaint, directly or indirectly, unjust damage, is prohibited.

They are to be considered retaliatory acts:

- a) dismissal, suspension or equivalent measures;
- b) downgrading or non-promotion;
- c) change of duties, change of place of work, reduction of salary, change of working hours;
- d) suspension of training or any restriction of access to it;
- e) negative merit notes or negative references;
- f) the adoption of disciplinary measures or other penalties, including pecuniary penalties;
- g) coercion, intimidation, harassment or ostracism;
- h) discrimination or otherwise unfavourable treatment;
- i) the failure to convert a fixed-term employment contract into an employment contract of indefinite duration where the employee had a legitimate expectation of such conversion;
- l) non-renewal or early termination of a fixed-term employment contract;
- m) damage, including to a person's reputation, in particular on social media, or economic or financial loss, including loss of economic opportunities and loss of income;
- n) improper listing on the basis of a formal or informal sectoral or industry agreement, which may result in the person being unable to find employment in the sector or industry in the future;
- o) early termination or cancellation of the contract for the supply of goods or services;
- p) cancellation of a licence or permit;
- q) a request to undergo psychiatric or medical examinations.

The management of retaliation notices in the public and private sectors is the responsibility of ANAC.

In order to acquire investigative elements essential for ascertaining the retaliation, the ANAC may avail itself of the cooperation of the National Labour Inspectorate, within the scope of its respective competences, without prejudice to the exclusive competence of the ANAC as regards the assessment of the elements acquired and the possible application of the administrative penalties referred to in Article 21 of Legislative Decree No. 24/2023.

Moreover, a list of Third Sector entities providing support measures to reporting persons has been set up at ANAC. The list, published by ANAC on its website, contains the Third Sector entities that carry out, in accordance with the provisions of their respective statutes, the activities referred to in Article 5, paragraph 1, letters v) and w) of Legislative Decree No. 117 of 3 July 2017, and that have entered into agreements with ANAC.

Support measures consist of information, assistance and advice free of charge on how to report and on the protection from retaliation offered by national and EU legislation, on the rights of the person involved and on the terms and conditions of access to legal aid.



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The declaration of nullity of retaliatory acts is a matter for the judicial authority.

In the context of such judicial or administrative proceedings or out-of-court disputes concerning the ascertainment of the conduct, acts or omissions prohibited under this Article against whistleblowers, it shall be presumed that such conduct, acts or omissions were committed as a result of the whistleblowing, public disclosure or complaint to the judicial or accounting authorities.

The burden of proving that such conduct or acts are motivated by reasons unrelated to the reporting, public disclosure or complaint is on the person who has carried them out.

The reversal of the burden of proof does not apply in favour of persons and entities other than the whistleblower (e.g. facilitators, colleagues)

Where the criminal liability of the whistleblower for offences of defamation or calumny or, in any case, for the same offences committed with the report to the judicial (or accounting) authority or his/her civil liability, for the same reason, in cases of wilful misconduct or gross negligence, is established, even by a judgment of first instance, the protections are not guaranteed and a disciplinary sanction is imposed on the reporting person or whistleblower.

### 9.6 Reporting channels

Gessi SpA has adopted a policy for the management of Whistleblowing reports, which is an integral part of the Organisational Model and to which reference is made in full, and whose general application criteria are set out below.

#### 9.6.1 Internal reporting channel

If a Whistleblower has a reasonable suspicion that unlawful conduct has occurred or may occur, he/she may report it to the Joint Committee, appointed by Gessi as 'Recipient of reporting' and consisting of the following members:

- HR manager;
- A Supervisory Body member;
- Head of Control and Management.

Reporting can take place through the following communication channels:

1. in written form: by means of the "Mygovernance" platform with which the company is equipped, accessible via the link published on the Gessi website and by following the guided operating instructions within the aforementioned platform;
2. orally: through dedicated telephone lines or voice messaging systems and/or, at the request of the whistleblower, through a direct meeting with the HR Manager.

#### 9.6.2. canale esterno di segnalazione

If the Report refers to members of the Joint Committee, the whistleblower shall inform the Board of Directors, placing the Report in two sealed envelopes, including, in the first envelope, the whistleblower's identification data, together with an identity document; in the second envelope, the subject of the report; both envelopes shall then be placed in a third envelope with the wording "reserved for the Board of Directors" on the outside at Gessi, Parco Gessi. The Board of Directors shall assess the operating procedures to be followed and the corporate functions to be involved in the management of the Report.

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In the hypotheses listed below, the whistleblower may also make a report concerning the breaches referred to in paragraph 5.1 above through an 'external' reporting channel set up by ANAC in the following hypotheses:

- i) in his/her work environment, there is no provision for internal channel activation as mandatory or, if provided for, it has not been activated;
- ii) the report was not acted upon;
- iii) there are reasonable grounds to believe that if he/she were to report internally it would not be acted upon or that he/she would face retaliation;
- iv) there are reasonable grounds to believe that the breach may constitute an imminent or obvious danger to the public interest
- v) the internal report was not acted upon;
- vi) there are reasonable grounds to believe that the internal reporting would not be effectively acted upon;
- vii) there are reasonable grounds to believe that the report could give rise to a risk of retaliation, such as where similar situations and events have already occurred in the institution;
- viii) the whistleblower has reasonable grounds to believe that the breach may constitute an imminent or obvious danger to the public interest

### 10. CRIME PREVENTION PROCEDURES

Gessi, in accordance with current legislation and its own code of ethics, has defined and implemented a set of procedures and registration documents in order to make the System effective, current and consistent with the activities carried out for the prevention of offences.

The need for the definition of crime prevention procedures and related record reports was defined during the risk assessment process.

The procedures for preventing offences define in detail the responsibilities, implementation methods and sequences of individual activities both across and within corporate functions. They can be understood as specifically dedicated procedures or, alternatively, they can be specific prescriptions included in operational procedures that address the topic in a more general sense.

The list of prevention procedures is annexed to this document.

### 11. PERSONNEL, TRAINING AND INFORMATION

#### 11.1 Education and training

Education and training are essential components for the effective implementation of the Model and for a widespread dissemination of the principles of conduct and control adopted by the Company, aimed at preventing the risk of commission of the offences covered by the Decree. The performance of tasks that may affect health and safety at work requires adequate competence, to be verified and nurtured through the provision of education and training aimed at ensuring that all personnel, at all levels, are aware of the importance of the compliance of their actions with the organisational model and of the possible consequences of conduct that deviates from the rules dictated by the model.

In concrete terms, each corporate worker/operator must receive sufficient and appropriate training with particular reference to his or her job and duties. This must take place on the occasion of recruitment, transfer or change of job or the introduction of new work equipment or new technologies, new dangerous substances and preparations.



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Gessi S.p.A. identifies training needs, plans the various activities, and organises education and training according to the needs identified periodically and in accordance with current legislation.

Gessi S.p.A. provides for the development of an adequate training and information programme through mandatory training courses for all personnel and repeated at regular intervals to involve all new employees .

General training courses are aimed at enabling all staff (at all levels) to:

- be familiar with the provisions laid down in Decree 231/2001 and to be aware of the Company's desire to make them its own and to make them an integral part of the corporate culture;
- be aware of the objectives that the Company aims to achieve through the adoption of 231 Model and of the way in which each person's roles and duties contribute to achieving them;
- know the methods and recipients of reports concerning the presence of anomalies in the performance of company activities;
- be aware of the disciplinary measures that are applied in the event of violations of the rules of the Model;
- know the powers and duties of the Supervisory Body.

Specific training courses are also provided for all those individuals who, due to their activity, need specific skills in order to manage the peculiarities of said activity.

The aforementioned training includes control and verification mechanisms aimed at monitoring the actual completion and/or participation in the courses as well as the effectiveness of the training through the administration of a questionnaire at the end of the training cycle.

It is the task of the Human Resources and Organisation Department to inform the Supervisory Body of the results, in terms of participation, of these courses with the cooperation of the Managers at the various levels, who must ensure that their staff members attend the courses.

The unjustified non-participation of Employees in the aforementioned training programmes may lead to the imposition of a disciplinary sanction, which will be imposed in accordance with the rules set out in the 'penalty system' document of this model.

The Supervisory Body also implements targeted training activities on the basis of the needs identified within its activities.

### 11.2 Communication and involvement

The circulation of information within the company assumes a relevant value in order to foster the involvement of all stakeholders and to enable adequate awareness and commitment at all levels.

Involvement is achieved through:

- prior consultation on the identification and assessment of risks and the definition of preventive measures;
- regular meetings that take into account at least the requirements set out in the legislation in force, also using the meetings provided for company management.

The recipients are informed of the contents of 231 Model and the Code of Ethics, published on the website [www.gessi.it](http://www.gessi.it) and of the need for their conduct to comply with the Model and the related ethical-behavioural principles adopted.

On the occasion of the establishment of each new relationship, the Company, moreover, acquires from the Recipients a declaration of acknowledgement and knowledge of the principles of the Code of Ethics as well as, through the provision in contracts of a specific express termination clause, the counterparty's commitment not to engage in any conduct in breach of the Code of Ethics and 231 Model.

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## 12. DISCIPLINARY SYSTEM AND PENALTY MECHANISMS

### 12.1 Overview

For the purposes of the effectiveness of the organisational model of Gessi S.p.A. and in compliance with the rules and regulations, the Penalty System has the function of monitoring compliance with the Model and the Code of Ethics, procedures and principles of conduct; it provides for the specific penalties and the methods of infliction in the event of violation or non-compliance with the obligations, duties and/or procedures provided for by this Model.

Article 6, first paragraph letter e), of Legislative Decree No. 231/01, in referring the Entity's exoneration from liability in case of the adoption and effective implementation of an Organisation, Management and Control Model suitable for preventing the commission of the criminal offences relevant for the purposes of that legislation, provided for the introduction of 'a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model'.

The drafting of an 'appropriate disciplinary system' therefore constitutes one of the essential requirements of the Model for the purposes of exempting the Entity from liability.

The violation of the obligations contained in this Model, even if aimed at the pursuit of an alleged corporate interest, constitutes a breach of contract and a disciplinary offence. In fact, the Company does not intend to gain any advantage from an unlawful act, and therefore, in the event that an offence has been committed, the Company as of now manifests its willingness to return said advantage.

The disciplinary assessment of conduct carried out by the employer, subject, of course, to any subsequent review by the employment judge, does not necessarily have to coincide with the judge's assessment in criminal proceedings, given the autonomy of the violation of the code of ethics and internal procedures with respect to the violation of the law involving the commission of an offence. The employer is therefore not obliged, before acting, to wait for the end of any criminal proceedings that may be in progress. In fact, the principles of timeliness and immediacy of the sanction make it not only unnecessary, but also inadvisable, to delay the imposition of the disciplinary sanction pending the outcome of any proceedings brought before the criminal court.

As regards the type of penalties that can be imposed, as a preliminary point, it should be specified that, in the case of employment relationships, any sanctioning measure must comply with the procedures laid down by Article 7 of the Workers' Statute and/or by special regulations, where applicable, characterised not only by the principle of typicality of the breaches, but also by the principle of typicality of the penalties.

If, on the other hand, the breach of ethical rules is committed by a self-employed worker, supplier or other party having contractual relations with the company, the termination of the contract may be envisaged as a penalty. A useful tool for this purpose is the inclusion of express termination clauses in supply or collaboration contracts (agency, partnership, tender, etc.) that make explicit reference to compliance with the provisions of the code of ethics.

The Penalty System of this Model provides for penalties in the event of violations of the measures for the protection of whistleblowers and against those who make unfounded reports with wilful misconduct or gross negligence (whistleblowing).

If it is proved that an offence has been committed by one of the Recipients of the Model, the Company reserves as of now all rights to compensation for the damage thus caused to the Company.

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### 12.2 Violations of the rules of the code of ethics and disciplinary code

Violation of the rules of the code of ethics constitutes a breach of the primary obligations of the employment relationship or a disciplinary offence, with all legal consequences, including with regard to the preservation of the employment or collaboration relationship.

Failure to comply with the rules of the code of ethics by the recipients shall result in different penalties depending on the role held by the person. Gessi S.p.A. also reserves the right to request in the appropriate places an adequate compensation for any damage caused to the Company.

The list of potential recipients of disciplinary measures must include those indicated in Articles 2094 and 2095 of the Civil Code, “employees” and, where there are no mandatory legal provisions, all “stakeholders” of the Company.

In compliance with Articles 2103, 2106 and 2184 of the Civil Code, Article 7 of Law No. 300/1970 (Workers’ Statute), Law No. 604/1966 on individual dismissals as well as the Collective Labour Agreements. Violation may also lead to dismissal for just cause pursuant to Article 2119 of the Civil Code.

For further details on the penalty system adopted by the Company, please refer to the relevant annex to this Model.

### 12.3 Overview of penalties

The imposition of penalties is graduated according to the seriousness of the violation committed.

The gradualness of the penalty may extend from a verbal reprimand, for minor and first-time offences, to dismissal, for particularly serious and/or repeated conduct.

Penalties will also be imposed in relation to:

- a) the intentionality of the conduct or the degree of negligence, recklessness or inexperience (taking into account, however, the foreseeability of the event);
- b) the conduct of the employee in the past, with particular regard to the existence or otherwise of disciplinary precedents;
- c) the employee’s role and duties;
- d) any other circumstances relevant to the assessment of conduct (including the functional position of any other persons involved).

- 1. subjective element of the conduct, depending on wilful misconduct or fault
- 2. relevance of violated obligations
- 3. level of hierarchical and/or technical responsibility
- 4. Presence of aggravating or mitigating circumstances with particular regard to professionalism, previous work experiences, circumstances in which the act was committed and any recidivism
- 5. any shared responsibility with other persons who have contributed to the violation
- 6. conducts that may compromise, even potentially, the effectiveness of the Organisational Model

The application of the penalties system must be constantly monitored jointly by the Supervisory Body.

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Gessi S.p.A. adopts a Penalty System detailed in a specific document, this system provides, inter alia:

- a) Measures against members of corporate bodies;
- b) Measures against employees in senior positions;
- c) Measures against employees subordinate to senior positions;
- d) Measures against collaborators and consultants.

For further details on the penalty system adopted by the Company, please refer to the relevant annex to this Model.

### 12.4 Penalties pursuant to Article 6 paragraph 2bis of Legislative Decree No. 231/ 2001(Whistleblowing)

In accordance with the provisions of Law no. 24/2023, with reference to the penalty system relating to the proper handling of reports of offences pursuant to Article 6, paragraph 2-bis, of Legislative Decree No. 231/ 2001(so-called “Whistleblowing”), the following are provided for:

- penalties to protect the whistleblower against those who engage in direct or indirect retaliatory or discriminatory acts against the whistleblower for reasons directly or indirectly linked to the report. In particular, retaliatory or discriminatory dismissal of the person making the report for reasons connected, directly or indirectly, to the report is null and void. A change of duties as indicated by Article 2103 of the Civil Code, as well as any other retaliatory or discriminatory measure taken against the whistleblower, is also null and void. In the event of disputes subsequent to the submission of the report and related to the imposition of disciplinary penalties, or to demotions, dismissals, transfers or subjecting the whistleblower to other organisational measures having a direct or indirect negative impact on working conditions, it is the employer’s burden to prove that such measures are based on reasons unrelated to the report itself. The adoption of discriminatory measures against whistleblowers may be reported to the National Labour Inspectorate, for measures within its competence, not only by the whistleblower, but also by the trade union organisation indicated by the whistleblower;
- penalties against those who, with wilful misconduct or gross negligence, make reports that turn out to be unfounded.

The penalties are defined in relation to the role of the recipient of the penalties, as set out in paragraphs above, to the extent that the violations of the rules relating to the reporting system represent, in themselves, violations of the provisions of the Model.

## 13. GENERAL PRINCIPLES FOR PREVENTION AND CONTROL

The various components of the organisational system are organically integrated into the architecture of the system, which respects a number of control principles, including:

- **“Every operation, transaction, action must be: verifiable, documented, consistent and congruous”.**

For each operation there must be adequate documentary support on which controls can be carried out at any time, attesting to the characteristics and reasons for the operation and identifying who authorised, performed, recorded, and verified the operation.

The safeguarding of data and procedures in the IT field can be ensured by adopting the security measures already provided for by Legislative Decree No. 196/2003 (Personal Data Protection Code) for all data processing carried out by electronic means.

Article 31 of the Code, in fact, prescribes the adoption of security measures to reduce to a minimum ‘the risks of destruction or loss, even accidental, of the data themselves, of unauthorised access or processing that is not permitted or does not comply with the purposes of collection’.

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- **“No one can manage an entire process independently”.**

The system ensures the application of the principle of segregation of duties, whereby authorisation to carry out a transaction must be the responsibility of a person other than the person who accounts for, operationally executes or controls the transaction.

In addition, the organisational system defines that:

- no one is given unlimited powers;
- powers and responsibilities are clearly defined and known within the organisation;
- powers of authorisation and signature are consistent with the organisational responsibilities assigned.

- **“Documentation of controls”.**

The control system should document (possibly by means of minutes) the performance of controls, including supervisory ones.

- **“Information flows”.**

Each office manager or activity deemed significant for the purposes of the 231 model prepares a data collection to be sent from time to time to the Supervisory Body. This data collection is carried out by means of a specific customised document called an information flow. The list of information flows is annexed to this document.

## 14. DISSEMINATION OF THE MODEL

The Company, aware of the importance that the training and information aspects assume in a prevention perspective, defines a communication and training programme aimed at ensuring that the main contents of the Decree and the obligations deriving therefrom, as well as the prescriptions laid down in the Model, are disseminated to all Recipients.

Training and communication are central tools in the dissemination of the Model and the Code of Conduct that the company has adopted, constituting an essential vehicle of the regulatory system that all employees are required to know, observe and implement in the performance of their duties.

To this end, the information and training activities for personnel are organised by providing for different levels of detail according to the different degree of involvement of personnel in risk-crime activities. In any case, the training activities aimed at disseminating knowledge of Legislative Decree No. 231/2001 and of the provisions of the Model are differentiated in terms of content and dissemination methods according to the Recipients' qualification, the risk level of the area in which they operate and whether or not they hold representative and management positions in the Company.

The training activity involves all the personnel in force, as well as all the resources that may be included in the company organisation in the future. In this regard, the relevant training activities will be planned and concretely carried out both at the time of recruitment and on the occasion of any changes in duties, as well as following updates or amendments to the Model.

With regard to the dissemination of the Model in the corporate context, the Company undertakes to carry out the following communication activities:

- during the recruitment phase, the Human Resources Department promotes to new recruits the information concerning the Organisation, Management and Control Model prepared pursuant to Legislative Decree no. 231/2001, the Code of Conduct and the Code of Ethics, delivering a copy of these documents on the first day of work;
- possibility of access to the section of the company website specifically dedicated to Legislative Decree no. 231/2001 with the possibility of reading and printing the Code of Ethics, the Code of Conduct and the Organisational Model;
- posting on notice boards, at company premises, of a copy of the Organisation, Management and Control Model drawn up pursuant to Legislative Decree no. 231/2001, the Code of Ethics and the Code of Conduct, in order to ensure its widest dissemination to all employees.

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Communication is also implemented by means of organisational tools suitable to ensure widespread, effective, authoritative (i.e. issued at an appropriate level), clear and detailed, from time to time updated and repeated communication.

The courses are compulsory and the Human Resources Office will track and record personnel participation in the training courses. The documentation in general relating to the information and training activities will be kept by the Human Resources Office and available for consultation by the Supervisory Body and any person entitled to inspect it.

The Company also promotes knowledge of and compliance with the Code of Ethics and the Code of Conduct and the Model among its business and financial partners, consultants, collaborators in various capacities, customers and suppliers, to whom both documents are made available through online consultation on the Company's website.

### 15. ADOPTION AND UPDATING OF THE MODEL

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 also lies with the Board of Directors, which will exercise it by means of a resolution in the manner laid down for its adoption.

The updating activity, intended both as an integration and as an amendment, is aimed at guaranteeing the adequacy and suitability of the Model, assessed with respect to the preventive function of the commission of the offences provided for by Legislative Decree No. 231/2001.

The Supervisory Body, on the other hand, is responsible for concretely verifying the need or advisability of updating the Model, promoting this need to the Board. The Supervisory Body, within the scope of the powers conferred upon it in accordance with Article 6, paragraph 1, letter b) and Article 7, paragraph 4, letter a) of the Decree, is responsible for formulating proposals to the Board of Directors concerning the updating and adjustment of this Model.

In any case, the Model must be promptly amended and supplemented by the Board of Directors, also upon proposal and after consultation with the Supervisory Body, when necessary:

- variations and circumventions of the prescriptions contained therein that have revealed their ineffectiveness or inconsistency for the purposes of preventing offences;
- significant changes to the internal structure of the Company and/or the manner in which the business activities are carried out;
- regulatory amendments.

The following tasks remain with the Supervisory Body:

- conducting periodic reviews aimed at identifying any updates to the mapping of sensitive activities;
- coordinating with the Head of Management for staff training programmes;
- interpreting the relevant legislation on predicate offences, as well as any Guidelines that may have been drawn up, also as an update to existing ones, and verifying the adequacy of the internal control system in relation to the regulatory requirements or to the Guidelines;
- verifying the need to update the Model.

The Heads of the Departments concerned draw up and make changes to the operating procedures for which they are responsible, when such changes appear necessary for the effective implementation of the Model, or when they prove to be ineffective for the purposes of proper implementation of the provisions of the Model. The competent corporate functions also take care of the changes or additions to the procedures necessary to implement any revisions of this Model

Amendments, updates and additions to the Model must always be communicated to the Supervisory Body.

## **MANUAL – ORGANISATION, MANAGEMENT AND CONTROL MODEL**

Italian Legislative Decree no. 231 of 08 June 2001

### **16. CODE OF ETHICS**

The code of ethics expresses GESSI S.p.A.'s guidelines first and foremost in compliance with Legislative Decree No. 231, but also in a more general sense starting with the company's Mission (defined personally by the CEO), the values, which are embodied in specific activities aimed at consolidating stakeholder confidence in the company's activities, and general policies of conduct.

The code of ethics is approved by the board of directors and is disseminated at all levels both through information and training to staff.

For the full text, please refer to the appropriate document.

### **17. RELATED DOCUMENTS**

- Code of Ethics
- Risk assessment Legislative Decree No. 231/01
- Penalty system
- List of information flows
- Whistleblowing Policy
- Corruption Prevention Policy and Anti-Corruption Guidelines

Revision	Date	Description
0	30/01/2013	Creation
1	14/04/2014	Update reported by the Supervisory Body
2	08/06/2015	Various updates
3	26/11/2020	Various updates
4	21/11/2023	Update in accordance with the new whistleblowing legislation

**Approved by the Gessi Board of Directors on 12 March 2024**