



ORGANIZATION, MANAGEMENT AND
CONTROL MODEL
PURSUANT TO
LEGISLATIVE DECREE
No. 231 OF 8 JUNE 2001

GENERAL PART

COMPANY PRESENTATION

Silga S.p.A., Società Italiana Lavorazioni Galvaniche, (hereinafter referred to as “Silga” or the “Company”) began its activity in 1969 in the field of processing after which it is named. Soon, it combined galvanic processing with the production of printed circuits. In particular, as indicated in article 3 of its Articles of Association, the Company's purpose is the production and international trade of printed circuit boards for electronics, flexible and non-flexible, non-metallized, metallized, military and multi-layer of any material. The Company’s purpose includes silk-screen printing and galvanic processing.

Over the years it has started a strong evolution by making investments in increasingly automated production lines and in new production units ensuring high quality of its products, high production capacity and a vast array of treatments that have allowed it to take on an international connotation. With two manufacturing facilities, it comprises an area of 70,000 sq. m., of which 30,000 sq. m. are covered. It has 11 different production units, an office building and about 285 employees.

Silga S.p.A. is a continuously developing reality in the field of **Galvanic Treatments** and **Printed Circuit Boards** that has always paid special attention to both the environment and the management of safety in the workplace; it is the will of the management to continue the policy undertaken historically, ensuring the balance between corporate purposes and environmental protection.

The Company provides high quality printed circuit boards for the automotive sector, household appliances, lighting, electronics, telecommunications, computers, component assembly and other, and innovative galvanic processing for the automotive sector, mechanical industry, footwear, leather goods, clothing, furniture, windows and doors, bolts and screws, hydraulics, lighting, religious articles and other.

The **galvanic division** is also able to offer a series of surface mechanical and chemical treatments supporting galvanic processing, identified in the pre-treatments and post-treatments. Specifically, within this division, the following treatments are carried out:

1. Traditional galvanic treatment;
2. Anodic oxidation;
3. Galvanization;
4. Pre-treatments;
5. Post-treatments;
6. Transparent coating.

The **printed circuit board division** also offers services such as component assembly, sampling and fast productions, prototypes, buffer stock, trading, technical assistance and industrialization. The figure below shows the product sectors in which the Company develops its business.

Silga pays great attention to the quality of both its products and the environment and has ISO 9001 and ISO 14001 certification. Thanks to its internal Research & Development department and a chemical laboratory equipped with specific instruments, it ensures top quality and reliability by following a careful policy, complying with regulations and systematically carrying out tests and inspections to verify and monitor the suitability, quality and reliability of products and processes. All is supported by plant design of new technology and high productivity.

The Company has set itself the primary objective of ensuring the balance between corporate purposes and the need to safeguard the health of people and, more generally, of the surrounding environment. That is why the company has established a Safety Management System adopting the guiding principle of the European Directive 96/82/EC and undertaking not only to ensure compliance with applicable laws, both on the environment and on health and safety in the workplace (such as the REACH Regulation, the RoHS Regulation, Legislative Decree no. 81/2008, Legislative Decree no. 334/1999), but also to make available adequate resources to ensure technical, organizational and management interventions aimed at reducing the environmental impact in safety conditions and according to ergonomic principles.

The Company has two technologically advanced chemical-physical purification plants, equipped with supervision and remote control system.

The Company adopts a conventional administration and control system, with a Board of Directors composed of 7 members, a supervisory body - the Board of Auditors - composed of three statutory members and two alternates, and the statutory audit of accounts entrusted to a single auditor.

1. ADMINISTRATIVE LIABILITY REGIME FOR LEGAL PERSONS, COMPANIES AND ASSOCIATIONS

1.1. Introduction

Legislative Decree no. 231 (hereinafter referred to as the “Decree”) was enacted on 8 June 2001 - implementing the delegation under article 11 of Law no. 300 of 29 September 2000 - and entered into force on 4 July, harmonizing internal regulations on the liability of legal entities with certain international conventions endorsed by Italy some time ago, such as the *Brussels Convention of 26 July 1995* on the protection of the financial interests of the European Communities, the *Convention signed in Brussels on 26 May 1997* on the fight against corruption involving officials of the European Community or of Member States and the *OECD Convention of 17 December 1997* on combating bribery of foreign public officials in international business transactions.

The Decree introduced the concept of “administrative” liability of legal persons (essentially related to criminal liability) in the national system. The direct recipients of the provisions under consideration are bodies with legal personality, as well as companies and associations without legal personality (article 1, paragraph 2 of Legislative Decree no. 231/2001) with the exception of the State, regional or local authorities, non-economic authorities and authorities having constitutional functions.

The liability of the organization can be excluded if it has adopted and effectively implemented, before the committing offenses, the organization, management and control models suitable for preventing such offenses and, more generally, it has complied with the provisions of the Decree in question.

The company, as part of its corporate governance, has decided to comply with the requirements of the Decree, aimed at preventing the commission of certain types of crimes. The implementation of the organization and management model (hereinafter referred to as “Model” or “OMM”) meets the belief of the company that every element useful to the fairness and transparency of management is worthy of attention and can contribute positively to the image of company and the protection of the interests of corporate stakeholders (individuals, institutions, and consumers). In this sense, the implementation of the standard can be considered a continuation of the company's policies that have led to the introduction of the Code of Ethics.

The choice of adopting the Model is deemed to constitute, together with the Code of Ethics and further elements of corporate governance, an awareness-raising instrument to encourage the dissemination of ethical and socially responsible behavior by all parties who operate on behalf of the company.

The aim of the Model is the development of a structured and organic system of procedures and rules that must be followed in order to reduce the risk of committing the offenses specified in the Decree, with the aim of establishing the extenuating circumstance for the purpose of administrative liability.

The model also has the following objectives:

- to make all those who operate in the name and on behalf of the company fully aware of the risks that would be produced for the company, in case of violation of the provisions contained in this document and, more generally, of all provisions adopted by the company;
- to identify rules to prevent unlawful conduct contrary to business interests (even when it could apparently derive a benefit therefrom), because such conduct is contrary to the ethical and social principles of the company as well as to the provisions of law;
- to enable the company, thanks to constant monitoring of sensitive processes and therefore of the

risks of committing offenses, to react promptly in order to prevent and combat the commission of crimes.

1.2. The perpetrators of the offense

According to the Decree, the entity is responsible for the offenses committed, in its favour or interest, by:

- **so-called “senior management”**, people who are representatives, directors or managers of the Company or one of its organizational units having financial and functional independence, as well as people who exercise, even de facto, the management and control of the entity;
- people who are managed or supervised by one of the senior managers (**so-called “people subordinate to the management of others”**).

The Company is not liable, in accordance with legislative provisions (article 5, paragraph 2, of the Decree), if the people indicated above have acted solely in their own interest or that of third parties.

1.3. The penalty system

The penalties provided for by the Decree to be paid by the Entity held responsible for the commission of the offenses mentioned above are:

1) **financial penalty**

applied on a “quota basis” which cannot be below one hundred nor exceeding one thousand. The amount of each quota is set by the Judge from a minimum of € 258.00 to a maximum of € 1,549.00 based on the economic and asset conditions of the Company in order to ensure the effectiveness of the penalty;

2) **interdiction measures**

also applicable as a precautionary measure and have duration of not less than three months and not more than two years.

They may consist of:

- a) disqualification from the exercise of the activity;
- b) suspension or revocation of the authorizations, licenses or concessions that are instrumental to the perpetration of the illicit conduct;
- c) prohibition from entering into contracts with the public administration, except to obtain public utility services;
- d) disqualification from any subsidies, funds, contributions or aid and the revocation of any previously awarded;
- e) ban from advertising goods or services.

3) **confiscation (and precautionary seizure)**

4) **publication of the sentence if an interdiction sanction is applied.**

In some cases, the judge, instead of enforcing the interdiction measures requiring the interruption of the entity's activity, may rule that the activity be continued under the management of a court-appointed administrative receiver (for example when the entity carries out a public service or a service of public utility the interruption of which may cause serious prejudice to the community).

In the cases referred to in article 16 of the Decree, there may even be a final interruption of the exercise of the activity.

Article 13 provides that interdiction measures can be applied in relation to the cases expressly provided by law (offenses against the public administration, some offenses against the public confidence such as forging currency, crimes related to terrorism and subversion of the democratic order as well as crimes against the individual), and when at least one of the following conditions occurs:

- the entity has made considerable profit from the offense and the offense has been committed by senior managers or by people subordinate to the management of others when, in the latter case, the commission of the offense has been determined or facilitated by serious organizational shortcomings;
- in case offenses are reiterated.

In the case of commission, in the form of an attempt, of offenses indicated in Paragraph I of the Decree (arts. 24 to 25-sexies), financial penalties (in terms of amount) and interdiction measures (in terms of time) are reduced from a third to half, while no sanctions are imposed in cases where the entity voluntarily stops the perpetration of the action or the occurrence of the event (art. 26).

The exclusion of sanctions is justified, in this case, by virtue of the interruption of any relationship of identification between the entity and individuals who act in its name and on its behalf.

1.4. Interest or advantage for Companies

An additional constituent element of the liability in question is the need that the unlawful actions assumed have been put in place by the aforementioned subjects “*in the interest or to the benefit of the Company*” and not “in one’s own or third parties’ exclusive interest” (article 5, paragraph 1 and 2).

It follows that the liability of the company is not only where the unlawful conduct has resulted in an advantage (economic or not) for the entity, but also where, in the absence of such a tangible result, the reason for the offense is represented by the interest of the entity.

As to the meaning of the terms “interest” and “advantage”, the Government's Report accompanying the decree gives the first a “subjective value”, i.e. referring to the will of the author (natural person) of the offense (this must have taken action with the purpose of realizing a specific interest of the entity), while it gives the second an “objective” value, related to the actual results of the conduct (the reference is to cases where the offender, while not directly aiming at an interest of the entity, realizes an advantage in its favor). Finally, the Report suggests that the investigation into the existence of the first requirement (the interest) requires an *ex ante* verification, while the investigation into the existence of the “advantage” that can be drawn by the entity even when the natural person has not acted in its interest still requires an *ex post* verification, since only the result of the criminal conduct must be evaluated.

Article 12, first paragraph, letter a) provides an attenuation of the financial penalty for the case in which “*the offender has committed the act in their own prevailing interest or in the interest of third parties, and the entity has not received any advantage or it has received a minor advantage*”.

Therefore, if the person has acted pursuing both their interest and that of the entity, the Company will be liable to penalty. Wherever the interest of the agent prevails over that of the entity, an attenuation of the sanction will be possible, provided, however, that the entity has not taken advantage or minor advantage of the commission of the offense. Finally, if it is established that the person has pursued solely a personal or third party interest, the entity shall not be liable at all regardless of any advantage gained.

1.5. Exemption from liability

To benefit from the exemption from liability, companies must develop such an organization, management and control model as to meet the needs of the reference company.

In this regard, article 6 of the Decree provides that the entity is not liable if it proves that:

- 1) the management body has adopted and effectively implemented, before the commission of the offense, organization and management models suitable to prevent offenses similar to those that took place;
- 2) the task of supervising the functioning, effectiveness and observance of the models, as well as their updating, has been entrusted to an internal body with independent powers of initiative and control;

- 3) natural persons have committed the offense by fraudulently eluding the organization and management models;
- 4) there has been no failure to supervise or insufficient supervision by the body referred to in subparagraph b).

The Decree outlines the content of the organization and management models providing that they must meet, in relation to the extension of the delegated powers and the risk of committing offenses, the following requirements:

- 1) identifying the activities within which offenses may be committed;
- 2) establishing specific protocols aimed at planning the formation and implementation of Company decisions in relation to the offenses to be prevented;
- 3) identifying procedures for managing financial resources suitable to prevent the commission of offenses;
- 4) imposing reporting obligations to the body in charge of supervising the functioning and observance of the organizational model;
- 5) introducing a disciplinary system for sanctioning any failure to respect the measures indicated in the organizational model.

In the event of an offense committed by people subordinate to the management of others, the Company shall not be liable if it proves that the commission of the offense has not contributed towards the non-compliance with the management and supervisory obligations. In any case, the liability is excluded if the Company, before the offense is committed, has adopted and effectively implemented an organization, management and control model suitable for preventing offenses of the same type as the one that has occurred.

2. ORGANIZATION, MANAGEMENT AND CONTROL MODEL OF SILGA

SILGA, in order to comply with the provisions of the Decree and subsequent amendments and to ensure fairness and ethics in the conduct of its business, has decided to adopt its own Model.

The adoption of the Model is aimed on the one hand to determine full knowledge among shareholders, directors, employees and consultants of SILGA of the provisions of the Decree and on the other hand to establish a body of principles and procedures to manage an internal control system in order to prevent the commission of offenses provided for therein.

The OMM adopted by SILGA:

- 1) identifies and assesses business risks in relation to offenses provided for by the Decree;
- 2) identifies a preventive control system;
- 3) adopts a code of ethics and its penalty system;
- 4) provides for the establishment of a supervisory body.

2.1. Recipients of the Model

The recipients of the OMM (hereinafter referred to as the “Recipients”) are the members of SILGA Board of Directors, those involved in the Supervisory Body functions, employees, consultants, business partners, suppliers, associates.

More generally, the Model is intended for all those who exercise, even de facto, management, administration or control functions in companies and those subjected to the direction or supervision of these people, such as employees, collaborators, consultants, agents, representatives, and - in general - all third parties acting on behalf of the company in the activities considered potentially at risk of committing one of the offenses provided for by the Decree.

The respect of the Model is guaranteed by the provision of an appropriate system of penalties and also through the adoption of contractual clauses that oblige third parties that work on behalf of the company (employees, contractors, partners, customers or suppliers) to respect the provisions of model.

2.2. Structure of the Model

This OMM is composed of:

- General part;
- Special parts;
- Annexes.

3. MODEL IMPLEMENTATION PROCESS

The essential features of the method used for the construction of OMM correspond to a typical risk assessment and management process (*Risk Assessment* and *Risk Management*).

In this context the OMM must effectively prevent and manage the risks identified by reducing them to a level of risk defined as “acceptable”, which can be identified in a “*prevention system as that can only be bypassed fraudulently*”, in line with the legislative provision whereby the objective criterion for attributing liability is the fraudulent evasion of the organization.

As a result, the risk threshold must be such as to exclude that the party acting in the name and on behalf of the company is not aware of the company policy and that the offense may be committed due to a mere error in assessing those directives.

3.1. Model construction phases

The construction of the OMM adopted by SILGA is characterized by the following phases:

1) **DIAGNOSTIC PHASE**

Preliminary analysis of the company > Collection of documents > Interviews and surveys

This phase consists in the realization of the following activities:

- Organization, planning, communication and launch of the Project;
- Collection of documents and preliminary information;
- Interviews and surveys to senior managers and their subordinates in charge of sensitive tasks.

2) **RISK ASSESSMENT**

Risk Assessment > Risk mapping > Gap Analysis

This phase consists in the realization of the following activities:

- Identification and analysis of areas at risk;
- Identification of specific sensitive processes for offenses provided for by the Decree emerging from a detailed analysis;
- Risk assessment through the mapping of sensitive processes in terms of offenses to which each process is exposed, potential methods of implementation, organizational functions involved and level of effectiveness of the controls in place;
- Gap Analysis.

3) **IMPLEMENTATION OF THE OMM**

Preparation of the OMM > Adoption of the OMM with resolution of the Board of Directors > Monitoring and revision of the OMM

This phase consists in the realization of the following activities:

- Implementation of the general part of the OMM;
- Implementation of the special parts of the OMM;
- Monitoring and revision of the OMM.

The special parts of the Model specifically analyze individual offenses, corporate sensitive areas, protocols and rules of conduct, based on the results provided by the Risk Assessment.

4. COMPONENTS OF THE MODEL

The components of the Model adopted by SILGA are summed up in the following diagram:

CORPORATE GOVERNANCE MODEL

- Organization System
- System of Powers
- System of Processes

CODE OF ETHICS

DISCIPLINARY SYSTEM

SUPERVISORY BODY

COMMUNICATION AND TRAINING

5. CORPORATE GOVERNANCE MODEL

In order to pursue an efficient and effective governance of the Company to achieve the set objectives, it is necessary to organize the company according to a governance model that ensures a valid system of internal control and compliance, contemplating an organizational system, a system of powers and proxies and a business process system.

5.1. Organization system

SILGA has formalized its organization system by defining:

- Organization chart;
- Reporting lines;
- Functions and responsibilities, with the indication of any proxies or powers of attorney.

These documents are updated on every significant permanent organizational change by the Board of Directors and must be promptly disclosed to the Supervisory Body.

5.2. System of powers

SILGA system of powers is structured so as to define the following three levels:

- **“external” powers** (proxies or powers of attorney): these are conferred on certain business functions to perform certain activities in the name and on behalf of the Company towards third parties, such as signing a staffing contract or a goods or services purchase agreement, opening a bank account, etc.;
- **“internal” powers**: these are authorizations with internal effectiveness by virtue of which the corporate functions exercise power or control in a given process, such as the authorization of a request for purchase, the verification and confirmation of receipt of a good or service requested, the authorization to a payment etc.;
- **special powers of attorney**: these are proxies or powers of attorney conferred for the exercise of a single act.

All the powers conferred should respect the principle of separation of functions and be made in writing.

5.3. System of processes

A business process is a set of stages, each comprising a series of activities, carried out in sequence and/or in parallel, which, starting from a given initial input, allow the achievement of a given final output.

In the more general framework of business processes, SILGA has identified the so-called “sensitive” ones in relation to the potential commission of offenses provided for by Legislative Decree no. 231/2001 and for which it has defined “Protocols”, i.e. a set of principles, organizational, operational and behavioral mechanisms functional to the offense-risk management, in the sense that their correct application - also in combination with other rules of conduct - is such as to prevent the commission of offenses provided for by the Decree.

The business processes, and especially the sensitive ones:

- are defined in accordance with the principles and rules of conduct adopted by the Company (fairness, transparency, honesty, cooperation, integrity, etc.);
- provide for internal control mechanisms;
- are characterized as much as possible by the principle of segregation of functions in the implementation of the process;
- are consistent with the organizational responsibilities assigned, the internal and external powers, the Code of Ethics and the regulations in force;
- are traceable and verifiable in order to demonstrate the application and compliance with the above requirements;
- are updated with the evolution of the organizational, business and regulatory context;
- are subject to control as to their functional and risk prevention and management validity;
- are formalized in documents and/or corporate procedures governing operational procedures, responsibility and prevention protocols; these documents are distributed to all company departments participating in the relevant process.

5.4. Offense prevention system

The OMM adopted by SILGA contains a system for preventing offenses based on three levels as described below.

The first-level measure refers to the adoption of **procedures or protocols** with the following characteristics:

- 1) **separation of activities** - there must be, as far as possible, a separation between those who execute, those who control and those who authorize the Sensitive Process and, similarly, between those who request (and use) resources or services, those who fulfill the request and those who make the payment for the fulfilled request;
- 2) **rules** - there must be company regulations capable of providing at least general reference principles for the regulation of the Sensitive Process (including any reference to the content of regulations in force);
- 3) **signature powers and authorization powers** - formal rules must exist for the exercise of signature powers and authorization powers towards third parties outside and/or inside the company;
- 4) **traceability** - mechanisms must be implemented to track the content of sensitive activities and identify individuals involved;
- 5) **procedures** - the Sensitive Process must find regulation in terms of technical-operational modes or in one or more formalized procedures;

6) **reporting** - the Sensitive Process must be supported by adequate reporting including indicators of anomalies considered effective for the prevention and/or identification of risks.

The second-level measure concerns the adoption of **specific protocols** applicable to individual processes or activities, in addition to the first-level procedural measures.

Third-level measures refer to a **control system** and are reflected in the adoption by the company of an Organization System and a system of powers, a Code of Ethics, a Disciplinary System and the appointment of a Supervisory Body.

First-level measures	PROCEDURES AND PROTOCOLS
Second-level measures	SPECIFIC PROTOCOLS
Third-level measures	CONTROL SYSTEM

6. CODE OF ETHICS

The Code of Ethics, as an integral part of the Model, is a document adopted by SILGA providing the general principles and rules of conduct that are given positive ethical value.

Its purpose is to ethically guide the actions of the company and its provisions are therefore binding for the conduct of all the company's directors, executives, employees, consultants and anyone who establishes, in any capacity, a relationship of collaboration with it.

7. DISCIPLINARY SYSTEM

The Company's disciplinary system refers to the provisions of the National Collective Bargaining Agreement of Engineering Companies.

Therefore, in order to meet the requirement imposed by Legislative Decree no. 231/2001, these measures are also integrated with the provision of sanctions applicable to violations of the rules and principles established within the OMM, with particular reference to the rules contained in the Code of Ethics, the general rules of conduct and the obligations provided for in the special parts of the OMM.

The application of the penalty system with regard to the violation of the general principles of the Model, the rules of conduct imposed by the Code of Ethics and the obligations provided for in the special parts of the OMM is independent of the execution and outcome of legal proceedings possibly initiated at the competent judicial authorities as a result of the violation.

Specific penalties have also been introduced for non-compliance with the provisions of the OMM by members of the Board of Directors and suppliers, external collaborators and associates who act in the name and on behalf of the company, providing for specific contractual clauses.

The alleged violations must be promptly reported to the Supervisory Body, which may carry out inspections and controls in full autonomy and possibly forward its own report about the adoption of measures deemed appropriate to the Board of Directors.

7.1. Penalties against employees

With regard to employees, the decree provides that the disciplinary system must respect the limits connected to the disciplinary power imposed by article 7 of Law no. 300/1970 (so-called "Workers' Statute") and the industry collective bargaining agreements.

With reference to the sanctions applicable, it should be noted that these will be adopted and applied in accordance with the procedures provided for by national and corporate collective regulations applicable to the employment relationship.

Without prejudice to the principle of connection between the disciplinary measures applicable and the related

offenses, the disciplinary measure must necessarily reflect the principle of proportionality between offense and penalty.

The penalties that may be imposed are:

- sanctions preserving the employment relationship
 - verbal warning;
 - written warning;
 - financial penalty not exceeding the amount of 3 hours' pay;
 - suspension from duty without pay for a period not exceeding three days of actual work;
- termination of employment through dismissal, with or without notice.

The function responsible for verifying the violation and deciding on the imposition of sanctions for the violations committed is the HR Manager.

If deemed necessary, due to the seriousness of the violation, such function may leave the decision to the Executive Committee.

7.2. Penalties against executives

The violation of the general principles of the Model, the rules of conduct imposed by the Code of Ethics and the obligations provided for in the special parts of the OMM, committed by executives or individuals who actually perform management functions, determines the application of the following sanctions:

- verbal warning;
- written warning;
- financial penalty, to the maximum extent permitted by the national collective bargaining agreement;
- suspension from duty without pay, to the maximum extent permitted by the national collective bargaining agreement;
- dismissal with notice;
- dismissal without notice;

The function responsible for verifying the violation and deciding on the imposition of sanctions for the violations committed is the Board of Directors which, even after being notified by the SB, identifies and gives mandate to carry out the necessary checks. At the end of the investigation the Board of Directors will exercise disciplinary action or terminate the proceedings.

7.3. Penalties against directors

The violation of the general principles of the Model, the rules of conduct imposed by the Code of Ethics and the obligations provided for in the special parts of the OMM, committed by directors or individuals who actually perform administration and/or management functions, may determine the application of the following sanctions:

- verbal warning;
- written warning;
- financial penalty of between € 5,000 to € 30,000;
- revocation of one or more powers;
- removal from office, in cases where the violation is so serious as to irreparably compromise the trust relationship between them and the company.

The function responsible for verifying the violation and deciding on the imposition of sanctions for the violations committed is the Board of Directors which, even after being notified by the SB, identifies and gives mandate to carry out the necessary checks. At the end of the investigation, in cases where one or more directors are involved, the Shareholders' Meeting shall exercise disciplinary action or terminate the proceedings.

7.4. Penalties against auditors, consultants, external collaborators and associates

The violation of the general principles of the Model, the rules of conduct imposed by the Code of Ethics and the obligations provided for in the special parts of the OMM, committed by auditors, consultants or external collaborators, may determine the application of the following sanctions:

- verbal warning;
- written warning;
- financial penalty of between € 5,000 to € 30,000;
- immediate termination of the contract, or, in the case of members of the board of auditors, removal from office, where the violation is so serious as to irreparably compromise the trust relationship with the company. In this regard, in the relevant contracts, however denominated, which will be concluded after the entry into force of the model, a specific termination clause will be inserted. In any case, in the presence of conduct conflicting with the provisions of this Model committed by such persons, these persons will receive written reprimands and/or, in the most serious cases (assessed on the basis of factors including but not limited to intentionality, previous violations of the Model by the same person, level of representation of the Organization, etc.) and on the basis of the applicable statutory provisions, acts of termination for cause, with any consequences also in terms of compensation.

Any non-conformity that should have been reported by the heads of SILGA will be sanctioned economically disregarding the economic benefit obtained.

These actions are motivated by the fact that the Company's interest to spread the culture of corporate legality as much as possible, also with respect to those who have even occasional contacts with the structure. Therefore, specific clauses are inserted in the contract asking these individuals to formally comply with all the existing behavioral procedures of the company.

8. SUPERVISORY BODY

8.1. Identification

In compliance with the provisions of article 6, paragraph 1, letter b) of Legislative Decree no. 231/2001, SILGA has set up a body with supervisory and control functions (hereinafter referred to as "Supervisory Body" or "SB") as to the functioning, effectiveness, adequacy, compliance and updating of the Model.

In fulfilling its tasks, the SB must comply with principles of autonomy and independence.

To guarantee the principle of impartiality and independence, the SB holds a top management position in the Company. It must report directly to the Board of Directors.

8.2. Members and requirements

The SB can be composed of a sole member or a collegial body. In the case of a body, it is composed of at least 3 members. In any case, the SB is set up by resolution of the Board of Directors, it remains in office for three years and its members may be reelected.

If not carried out by the Board at the time of appointment, the members of the SB shall appoint a Chairman from inside. The Chairman represents the SB before the Board of Directors and has broad and expressed power to delegate its functions to one of the members of the SB.

The SB adopts its own rules about its operations and functioning.

The requirements that the Supervisory Body must meet to effectively carry out the tasks entrusted to it are:

1. **autonomy and independence:** the Supervisory Body must have no operational tasks and have staff relations only with the company's top management. Its independence must be ensured by a series of objective and subjective conditions. First, the members of the Body must not be tied to the Entity at which they perform their control functions by any family bonds with the senior management, by significant economic interests (e.g. shares) or by any situation which could lead to conflict of interest. Secondly, its independence can be guaranteed by the terms of office: the term must be long enough to allow a stable and professional conduct of duties, but not enough to create strong ties with the top management that could result in "situations of dependence".
2. **professionalism in the performance of its institutional duties:** to this end, the members of this body

must have specific knowledge in relation to any useful technique to prevent the commission of offenses, to find out those already committed and identify their causes, as well as to verify compliance with the Model by members of the company. The guidelines issued by Confindustria state that “this connotation refers to the knowledge of tools and techniques that the Body must have in order to effectively carry out its work. These are specialized techniques employed by those who perform inspection activities and consultant analysis activities over control systems, juridical systems and, more particularly, penal systems”. It is, in fact, essential that the Body be provided with analysis and risk assessment techniques, the ability to develop flow-charting of procedures and processes, and be aware of the structure and implementation methods of offenses.

3. **continuity of action**: in order to guarantee the effectiveness of the organization model, and to exempt the company from any liability resulting from the commission of an offense provided for by Legislative Decree 231/2001, it is essential that the SB carries out all the necessary activities for fulfilling the tasks assigned to it.

The SB must ensure continuous operation over time and in continuous interaction with the administration and control bodies of the company. This cannot be considered achieved in the presence of sporadic activity, purely bureaucratic, flattened on mere passive reporting. With a view to pursuing continuity of action, it will be particularly important to schedule activities, which consist in performing controls, inspections, etc. (regular or unannounced): in short, the SB must manifest its own, autonomous operating strategy, without interruption, able to bring out critical issues and to propose the necessary corrective actions and adjustments. Obviously, in order for the SB to be effective, it must be provided with adequate financial resources.

4. **impartiality**: it derives from the sum of independence and professionalism requirements: action based on equity can only be achieved if the members of the body are independent, honorable and highly professional.

8.3. Functions of the Supervisory Body

The SB must:

1. periodically verify the activities carried out within the sensitive processes identified by the Model;
2. make periodic checks to ascertain the provisions of the OMM and in particular to ensure that the procedures and controls provided for by the Model are put in place and documented accordingly and the principles of the Code of Ethics are respected;
3. verify the adequacy, effectiveness and updating of the Model;
4. annually prepare a written report to be submitted to the Board of Directors, highlighting the problems encountered and identifying corrective actions to be taken;
5. promote initiatives for the training of the recipients of the Code of Ethics and the OMM, for their communication and distribution.

All communications must be made in writing.

When carrying out its tasks, the SB has unlimited access to corporate information for investigation, analysis and control activities. Any company department, employee and/or member of the governing bodies are required to provide information, when requested by the SB or whenever events or circumstances relevant to the performance of the activities of the SB occur.

8.4. Operational and financial autonomy

The SB, also by delegating internal structures, has free access to all business functions without the need to obtain authorization thereto, in order to obtain, receive or collect information or useful data for the conduct of its activities.

When appointing the SB, the Board of Directors must approve a provision of financial resources which the SB will use for all requirements necessary for the proper performance of the tasks assigned to it (specialist consulting, travelling, etc.), and of which it will have to submit a detailed report.

8.5. Remuneration of the members of the SB

The Board of Directors grants remuneration to the SB in accordance with the special resolution assigning the mandate.

9. REPORTING AND TRAINING

9.1. Supervisory Body reporting to the Corporate Bodies

The SB reports on the implementation of the Model, the emergence of any critical issues and transmits the result of the activities performed in the exercise of the tasks assigned to the Board of Directors.

The SB is required to provide the following information flows:

1. **Every year**, a written report to the Board of Directors, highlighting:
 - what emerged from the work done by the SB during the year to fulfil its tasks;
 - the plan of activities it intends to carry out in the following year;
 - any regulatory changes concerning the administrative liability of entities;
 - any proposals or suggestions on the updating of the Model;
 - the report on the modes of using the financial resources making up the budget provided to the SB.
2. **Immediately**, to the Board of Directors, regarding:
 - serious violations to the Model identified during the checks;
 - any significant problems resulting from the activity.

It is also provided that in case the violation of the Model is committed by one or more members of the Board of Directors, the Supervisory Body shall immediately inform the other directors. The Board of Directors shall carry out all necessary investigations and take appropriate action.

9.2. Required information to be forwarded to the Supervisory Body

The SB must be informed through appropriate reporting of the parties required to comply with Model on conducts or events that could, even theoretically, produce liability on the part of SILGA pursuant to Legislative Decree no. 231/2001.

Reports may be made directly to the SB members or by sending communications to the SB on its dedicated email address. The Body acts in a way that ensures the anonymity of the reporting agent and the confidentiality of the facts reported by the same, without prejudice to the legal obligations and the protection of the rights of the company.

The SB assesses the reports received and the actions to be taken and reports to the Board of Directors for the application, by the latter, of any consequent measures in accordance with the provisions of the disciplinary system.

In addition to the reports mentioned above, all recipients of the Model are obliged to comply with the provisions contained in special part in the section called “Information flows to the Supervisory Body” containing, among other things, the list of stakeholders, the communication delivery modes, contents and timing.

The SB must be provided with any other information, which has been learned directly, from employees, shareholders and third parties, regarding the commission of conduct not in line with the Model.

The SB will assess the reports received with discretion and responsibility. To this end, it may listen to the reporting agent and/or the person responsible for the alleged violation, motivating in writing the reason for any decision not to proceed.

9.3. Reporting mechanisms and protection of whistleblowing

No kind of retaliation or discrimination, direct or indirect, may be made against the whistleblower for

reasons that are connected directly or indirectly to the report, subject to the right for the assignees to protect themselves if criminal or civil responsibilities of the reporting agent are proven in relation to the falsity of the statement.

As further protection of the whistleblower, the disciplinary system, as outlined in paragraph 7 above, is integrated with the provision that the Board of Directors shall rule and possibly impose a penalty on those who violate confidentiality obligations or perform acts of retaliation or discrimination against the whistleblower.

9.4. Collection and storage of information

All information and reports provided for by the Model are stored by the SB in a special computer and/or paper file.

9.5. Communication and dissemination of the Model

The Company, in order to effectively implement the Model, intends to ensure adequate disclosure of its contents and principles inside and outside its organization.

In particular, the Company's purpose is to extend the communication of the contents and principles of the Model not only to directors and employees, but also to persons who, although not being formal employees, operate - even occasionally - to achieve the Company's objectives based on contractual relationships.

Therefore, the Company provides for an effective communication and training activity diversified depending on the recipients to whom it is addressed and based on principles of completeness, clarity, accessibility and continuity, in order to guarantee the various recipients full knowledge of the corporate provisions that they are required to respect and the ethical rules that should govern their behavior.

Communication of the Model and the Code of Ethics

In line with the provisions of Legislative Decree no. 231/2001 and the Confindustria Guidelines, the Company undertakes to make extensive, effective, clear and detailed communication, with periodic updates related to the changes in the Model.

In particular, the recipients of the communication are.

- all staff in service in the company (executives, employees, managers and workers, interns, subjects with training contract, contract workers, consultants, etc.) starting from the approval;
- new staff upon recruitment and/or assignment in the company.

The communication regarding the Model is made based on the modes that the Board of Directors considers appropriate. As part of the guidance provided by the Board, the communication activity is supervised and supplemented by the Supervisory Body.

Dissemination of the Model

The news of the adoption of this Model by the Board is made public on the Company's website, or with suitable modes aimed at making the existence of the Model known to customers, suppliers, agents, business partners, investors, etc.

The Company grants recipients the possibility to access and consult the documentation that makes up the Model directly in a dedicated area of the corporate intranet, and by posting the Code of Ethics and the Disciplinary System on the bulletin boards of each building occupied by employees.

Furthermore, the Company undertakes to forward detailed information concerning the introduction of the Model and the Code of Ethics to third parties who entertain contractually regulated collaboration relationships with the Company (external consultants, agents, brokers, etc.).

Training courses

For the implementation of the Model, the Company, in compliance with the provisions of the Confindustria Guidelines and the case law on the administrative liability of entities pursuant to Legislative Decree no. 231/01, provides an adequate training program for the personnel of the company, appropriately calibrated according to the levels of the recipients and the activities carried out, on the basis of information provided by the Board.

Participation in the training courses is mandatory for all staff in service. This obligation is a fundamental rule of this Model, the violation of which results in the application of the penalties provided for by the

disciplinary system.

The training activity is supervised and supplemented by the Supervisory Body.

Training recipients are required to:

- acquire knowledge of the principles and contents of the Model;
- know the operating modes whereby their activity must be made;
- actively contribute, in relation to their role and responsibilities, to the successful implementation of the Model, reporting any shortcomings found.

In particular, the training activity is carried out:

- when the Organization Model is adopted;
- in case of changes and/or updates of the Model;
- as part of the training activities for new employees;
- every two years if no changes and/or updates are made to the Model;
- in any case the SB, in the performance of its duties, deems it appropriate.