



Organisation, Management and Control Model of

Pomellato S.p.A.

(Pursuant to Legislative Decree No. 231 of 8 June 2001)

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Definitions

In the present document the following terms shall have the meaning hereinafter specified:

At-risk Activities: company activities in which opportunities, conditions and means could potentially occur or become available for committing crimes.

National Collective Labour Agreement: the National Collective Labour Agreement applicable to Pomellato's Employees or the National Collective Labour Agreement for employees of the goldsmith, silversmith and jeweller sector.

Code of Ethics: the Code of Ethics drawn up by Kering, i.e., the set of values, principles and guidelines of conduct that form the basis of all Group operations and that all internal and external parties who have a direct or indirect relationship with Kering must comply with.

Board of Directors (also BoD or Governing Body): Pomellato's Board of Directors.

Independent Contractors and Consultants: Individuals who collaborate with the Company, without the limitations of employee status, agency obligations and other non-employment relationships involving professional performance, whether permanent or occasional, as well as those, in the application of specific mandates or powers of attorney, who represent the Company *vis-à-vis* third parties.

Decree or Legislative Decree No. 231/2001: Legislative Decree No. 231 of 8 June 2001 introduced the "Principle of administrative liability of corporate entities, companies and associations lacking legal status, according to Article 11 of Law No. 300 of 29 September 2000", from time to time in force.

Recipients: Subjects to whom the instructions in this Model apply, as better defined hereinafter.

Employees: persons that are subject to the management and oversight of the parties holding positions of representation, administration or management of the Company, i.e. all parties that have an employment contract of any type with the Company.

Suppliers: Those who provide goods or services to the Company.

Kering Holland N.V. (also Kering): the company that exercises the management and coordination of Pomellato S.p.A.

Model: This Organisation, Management and Control Model adopted pursuant to Articles 6 and 7 of Legislative Decree No. 231/2001 and relative annexes.

Supervisory Board (also SB): The Company's Supervisory Board vested with independent initiative and control powers, the duty to supervise over the adequacy of, operation of and compliance with the Model, as well as overseeing its updating.

Pomellato S.p.A. (the Company or Pomellato): the Company, operating in the business of manufacturing and producing jewellery items, with registered office at Via Neera 37 in Milan, registered in the Companies' Registrar of the Chamber of Commerce of Milan with VAT number 00860690155, that has adopted this Organisation, Management and Control Model.

Whistleblower: a party that reports unlawful conducts, relevant for the purposes of Italian Legislative Decree No. 231/2001, based on accurate and corroborated information, or for breaches of the Organisation, Management and Control System, which the party became aware of in carrying out his/her tasks.

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General Part

Introduction

Pomellato S.p.A.

Pomellato S.p.A. with registered office at Via Neera 37 in Milan is a leading international company in the manufacturing and marketing of jewellery.

The Company operates through a worldwide sales network represented by approximately 60 Directly Operated Stores, in part managed by the parent company Pomellato Europa S.p.A. or by other subsidiaries and over 500 dealers.

In 2013, Pomellato joined the Kering Group (hereinafter, the “Group”), a leading group in the field of luxury, ready-to-wear and accessories. The holding company, Kering S.A., is listed on the Paris *Euronext*.

The Group’s internal controls, the Code of Ethics and the Compliance Program

In the Kering Group internal controls have traditionally been viewed as an opportunity for continuous improvement aimed at achieving ethical and business goals.

Similarly, the Code of Ethics is a summary of the ethical principles to be following when carrying out the Group’s activities.

The circulation and implementation of the Code of Ethics is overseen by specifically designated Committees, such as the Group Ethics Committee, Asia-Pacific Ethics Committee and America Ethics Committee.

Conduct in breach of laws, rules or policies could be reported before the Company aligned its policies with the provisions set out in Legislative Decree No. 231/2001: the abovementioned Committees are responsible for receiving reports from every employee of the Group, in addition to working to develop policies and actions in the field of sustainability.

Furthermore, a worldwide hotline exists, accessible for everyone, in the languages into which the Code of Ethics is translated.

The need to protect and monitor the Company’s activities to ensure they comply with the above principles has enabled an effective system of internal controls to be implemented over time, as well as a system of procedures to regulate the most significant operational and administrative activities.

Kering has set up a *Compliance Program* at Group level, for the purpose of:

- identifying compliance risks;

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- creating internal rules, in the form of directives and procedures, that provide information on the applicable laws in the specific Country, in order to guarantee compliance with such laws while conducting business;
- implementing a control system that protects the Group from compliance risks;
- monitoring the effectiveness of those controls;
- keeping the Group Companies up-to-date in terms of changes to regulations.

The *Code of Ethics* is set at the top level of the *Compliance Program*, followed by *policies and procedures*.

Specifically in relation to policies, Kering implemented documentation regarding the following issues:

- *Anti-corruption*: severely prohibits any type of corruption and aims at preventing corruption with regard to all anti-corruption laws applicable in the countries where the Group operates;
- *Competition Law*: the set of rules established to oversee fair competition in the carrying out of Group business;

More recently, Kering also launched the “*Hercules*” Project, which introduced, inter alia, new measures for the selection, qualification and management of suppliers involved in the production process, as well as new contractual standards.

Corporate Governance and Pomellato’s system of internal controls

The Company’s organisation has a traditional hierarchical structure: the Board of Directors consists of five members and the Statutory Board of Auditors of three standing auditors and two substitute auditors. An external company is appointed to carry out the independent audit.

The Board of Directors is responsible for the internal control system, establishing and periodically reviewing the effectiveness and adequacy of the guidelines, ensuring that the main Company risks are correctly identified and managed.

The main elements of the Company’s internal control system are the:

- *Group’s Code of Ethics*, containing rules of conduct and the general

principles that all internal and external persons having a direct or indirect relationship with the companies belonging to the Group must observe. It has been adopted to confirm the importance of the ethical aspects and behaviours aimed at strictness and integrity.

- *System of proxies and powers of attorney*, granted by the Board of Directors and by the Chief Executive Officer consistently with the organisational and managerial responsibilities assigned and regularly updated according to changes in organisational structure and/or in organizational arrangements. That system concerns both internal authorisation powers and powers of representation for the purpose of signing agreements or documents that are binding on the Company (special or general powers of attorney). The powers granted must meet the following requirements: (i) they must be clearly defined and formally assigned by way of written communication; (ii) they must be consistent with the responsibilities and duties delegated and with the positions held in the organisational structure; (iii) they must set out procedures and limits of exercise that are consistent with the roles assigned, with specific attention to specifying expenditure and signing powers for “at risk” transactions and agreements; and (iv) must be constantly updated as a result of organisational changes.
- *Procedural system*, consisting of procedures, manuals, operating instructions and internal communications aimed at clearly and effectively regulating important processes and providing operational procedures and control tools to inform the conduct of business activities.
- *Budget process*, which provides for the annual approval of the same and the audit by the Accounting Management function of the expenditure commitments accepted by the entire Management.
- *Internal committees*, formally constituted with policy, coordination and control functions over certain areas and business activities. These Committees ensure more effective application of the principle of separation of duties.

With regard to the procedures set up by Kering, the Company has adopted the following measures, inter alia:

- *Employee Conflict of Interest*: its purpose is to assist the Group Companies in identifying and managing possible, or existing, conflicts of interest that could arise with regard to their Employees;
- *Donations and Sponsorship*: Kering intends to provide a positive contribution to the communities in which it operates, always conducting business in compliance with the law, and specifically anti-corruption laws. Donations may be made only to organisations that pursue lawful aims, that meet the highest standards of transparency;

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- *Gifts, Hospitality, Entertainment and Travel*: this sets forth the rules to be followed in managing gifts, entertainment, travel and hospitality to business partners, suppliers, third parties, etc., considering the specific sensitivity of those activities also in terms of preventing corruption;
- *Third Party Due Diligence*: Kering requires careful due diligence in selecting third parties, and has established the set of rules that Employees of Group Companies must follow before engaging those parties.

The rules, procedures and principles set out in the documentation listed above, though not described in detail in this Model, constitutes an important instrument to control unlawful conducts in general, including those relevant under Italian Legislative Decree No. 231/2001, which is part of a larger system of organisation, management and control of Pomellato that the Model intends to incorporate, and which all Recipients are required to comply with, in relation to the type of relationship they have with the Company.

1. Legislative Decree No. 231 of 8 June 2001

1.1 General principles of the regulations

Legislative Decree No. 231 of 8 June 2001 (hereinafter, the “Decree” or “Legislative Decree No. 231/2001”) introduced into the Italian legal system administrative liability for corporate entities, companies and associations – even those lacking legal status – (hereinafter, “Bodies”) in the event that some types of crimes or administrative offences are committed or attempted in the interest of or for the benefit of the Body, by:

- Individuals who hold representative, administrative or executive positions in the Body or in one of its Departments with financial and functional autonomy, in addition to individuals possessing *de facto* management powers and control thereof (i.e. “Senior Management”);
- Individuals who are subject to the authority or supervision of the persons indicated in the above paragraph.

Despite qualifying as “administrative” under the law, the above liability has characteristics that appear to be typical of criminal liability. This is because it:

- arises in connection with the commission of a crime;
- is ascertained by the criminal courts (in proceedings in which the procedural provisions concerning defendants that are natural persons apply to the Body, where compatible).

Pursuant to the Decree, the Body’s liability is added to, and does not substitute, that of the offender (which is of a criminal nature): both the natural person as well as the corporate entity will therefore be subjected to criminal proceedings.

1.2 The “list” of crimes and administrative offences that may trigger liability for the Bodies

The Body is liable only for those crimes (carried out or attempted) expressly provided for by the legislator. More specifically, it concerns:

Crimes against the Public Administration and its property (Articles 24 and 25 of the Decree)

- Embezzlement at the expense of the Public Administration (Article 316-bis of the Italian Criminal Code);
- Misappropriation of funds at the expense of the Public Administration or of another government agency or of another European Community (Article 316-ter of the Italian Criminal Code);

- Fraud against the Public Administration or other public agency (Article 640, paragraph 2, No. 1, of the Italian Criminal Code);
- Aggravated fraud to obtain public funds (Article 640-bis of the Italian Criminal Code);
- Cyber fraud against the Public Administration or other public agency (Article 640-ter of the Italian Criminal Code);
- Extortion (Article 317 of the Italian Criminal Code);
- Corruption in the discharge of official duties (Articles 318 and 321 of the Italian Criminal Code);
- Corruption resulting in an act that is contrary to official duties (Article 319 of the Italian Criminal Code);
- Aggravating circumstances (Article 319-bis of the Italian Criminal Code);
- Corruption in judicial acts (Article 319-ter of the Italian Criminal Code);
- Inducement or promise to give undue benefit (Article 319-quater of the Italian Criminal Code);
- Corruption of a person in charge of a public service (Article 320 of the Italian Criminal Code);
- Penalties to the briber (Article 321 of the Italian Criminal Code);
- Incitement to corruption (Article 322 of the Italian Criminal Code);
- Embezzlement, extortion, bribery, corruption and incitement to bribery by the members of the International Criminal Court, by bodies of the European Communities and by officials of the European Communities and of Foreign States (Article 322-bis of the Italian Criminal Code).

Cyber Crimes and illegal data processing (Article 24-bis of the Decree)

- Falsifying computerised government documents or a document having evidential value (Article 491-bis of the Italian Criminal Code);
- Hacking a computer or telecommunications system (Article 615-ter of the Italian Criminal Code);
- Detention and unfair distribution of access codes to computer or telecommunications systems (Article 615-quater of the Italian Criminal Code);
- Distribution of electronic equipment, devices or software programs designed to damage or disrupt another computer or electronic system (Article 615-quinquies of the Italian Criminal Code);
- Wiretapping, unlawful obstruction or interruption of computer or internet communications (Article 617-quater of the Italian Criminal Code);
- Installation of devices made to intercept, prevent, or disrupt computer or Internet communications (Article 617-quinquies of the Italian Criminal Code);
- Damage to information, data and computer programs (Article 635-bis of the Italian Criminal Code);
- Damage to information, data and computer programs used by the Public Administration or other public entity or public utility agency (Article 635-ter of the Italian Criminal Code);
- Damage to computer or telecommunications systems (Article 635-quater of the Italian Criminal Code);
- Damage to computer or telecommunications systems of public utility (Article 635-quinquies of the Italian Criminal Code);

- Computer fraud of subjects providing certification services of electronic signature (Article 640-quinquies of the Italian Criminal Code).

Felonies committed by criminal organisations (Article 24-ter of the Decree)

- Unlawful association to commit a crime (Article 416 of the Italian Criminal Code, excluding paragraph 6);
- Trafficking-in-persons association crime. Conspiracy to enslave and trafficking human beings, to purchase or sell human beings as slaves, crimes involving breach of the regulations on illegal immigration pursuant to Article 12 of Legislative Decree No. 286/1998 and to trafficking in human organs (Article 416, paragraph 6, of the Italian Criminal Code);
- Mafia-type unlawful association, also foreign (Article 416-bis of the Italian Criminal Code);
- Bargaining of votes between politicians and members of the Mafia (Article 416-ter of the Italian Criminal Code);
- Kidnapping with the intent to blackmail (Article 630 of the Italian Criminal Code);
- Conspiracy to illegally traffic psychoactive or psychotropic drugs (Article 74, Presidential Decree No. 309 of 9 October 1990);
- Illegal manufacturing, importing into the country, sale, transfer, possession and distributing weapons of war or war type weapons or parts thereof, explosives, illegal weapons as well as more typical firearms, in public spaces or spaces open to the public (Article 407, paragraph 2, Letter a), No. 5), Italian Code of Criminal Procedure)

Forgery of money, public credit cards, revenue stamps and instruments or identification signs (Article 25-bis of the Decree)

- Forgery of money, spending and introduction into the Country of counterfeit money (Article 453 of the Italian Criminal Code);
- Alteration of money (Article 454 of the Italian Criminal Code);
- Spending and introduction into the country of counterfeit money (Article 455 of the Italian Criminal Code);
- Spending of counterfeit money received in good faith (Article 457 of the Italian Criminal Code);
- Falsification of official stamps, introduction into the country, purchase, possession or circulation of counterfeit stamps (Article 459 of the Italian Criminal Code);
- Counterfeiting of watermarked paper used for manufacturing banknotes or tax stamps (Article 460 of the Italian Criminal Code);
- Manufacture or possession of watermarks or tools for counterfeiting money, stamps or watermarked paper (Article 461 of the Italian Criminal Code);
- Use of counterfeit or altered tax stamps (Article 464 of the Italian Criminal Code);
- Forgery, alteration or use of distinctive signs of intellectual or industrial products such as patents, models and drawings (Article 473 of the Italian Criminal Code);
- Introduction into the country and trade of products with false markings (Article 474 of the Italian Criminal Code).

Crimes against industry and commerce (Article 25-bis-1 of the Decree)

- Obstructing industry and commerce (Article 513 of the Italian Criminal Code);
- Unfair competition with threats or violence (Article 513-bis of the Italian Criminal Code);
- Fraud against national industries (Article 514 of the Italian Criminal Code);
- Business fraud (Article 515 of the Italian Criminal Code);
- Sale of non-genuine food as genuine (Article 516 of the Italian Criminal Code);
- Sale of industrial products with misleading signs (Article 517 of the Italian Criminal Code);
- Manufacture and sale of goods made by usurping industrial property (Article 517-ter of the Italian Criminal Code);
- Counterfeiting geographic indications and designations of origin for agricultural and food products (Article 517-quater of the Italian Criminal Code).

Corporate Crimes (Article 25-ter of the Decree)

- False corporate communications (Article 2621 of the Italian Civil Code);
- Misdemeanours (Article 2621-bis of the Italian Civil Code);
- False corporate communications to the damage of shareholders or creditors (Article 2622 of the Italian Civil Code);
- Prevented control (Article 2625, paragraph 2, of the Italian Civil Code);
- Undue restitution of contributions (Article 2626 of the Italian Civil Code);
- Illegal distribution of profits and reserves (Article 2627 of the Italian Civil Code);
- Illegitimate transactions on shares of the company or of the controlling company (Article 2628 of the Italian Civil Code);
- Transactions to the damage of creditors (Article 2629 of the Italian Civil Code);
- Failure to communicate a conflict of interest (Article 2629-bis of the Italian Civil Code);
- Fictitious capital formation (Article 2632 of the Italian Civil Code);
- Illegitimate division of corporate assets by the liquidators (Article 2633 of the Italian Civil Code);
- Private sector bribery (Article 2635, paragraph 3, of the Italian Civil Code);
- Private sector bribery provocation (Article 2635-bis of the Italian Civil Code);
- Illegitimate influence on the shareholders' meeting (Article 2636 of the Italian Civil Code);
- Spreading false information or rumours to drive down the price of a security (Article 2637 of the Italian Civil Code);
- Obstacle to the exercise of the functions by public supervisory authorities (Article 2638, paragraph 1 and 2, of the Italian Civil Code).

Crimes with the intent to terrorise and subvert the democratic order (Article 25-
quarter of the Decree)

- Organisations aimed at committed acts of international terrorism or subverting the democratic order (Article 270-bis of the Italian Criminal Code);
- Assistance to terrorists (Article 270-ter of the Italian Criminal Code);
- Recruiting for terrorist purposes, also internationally (Article 270-quarter of the Italian Criminal Code);
- Terrorist training and activity, also internationally (Article 270-quinquies of the Italian Criminal Code);
- Terrorist conduct (Article 270-sexies of the Italian Criminal Code);
- Bombing for terrorist or subversion purposes (Article 280 of the Italian Criminal Code);
- Terrorist acts with lethal explosive weapons or explosives (Article 280-bis of the Italian Criminal Code);
- Kidnapping for the purpose of terrorism or subversion (Article 289-bis of the Italian Criminal Code);
- Incitement to commit any of the crimes against the Public Administration provided in items one and two (Article 302 of the Italian Criminal Code).

Crimes of female genital mutilation (Article 25-quarter-1 of the Decree)

- Practices of female genital mutilation (Article 583-bis of the Italian Criminal Code).

Crimes against the person (Article 25-quinquies of the Decree)

- Enslavement (Article 600 of the Italian Criminal Code);
- Child prostitution (Article 600-bis of the Italian Criminal Code);
- Child pornography (Article 600-ter of the Italian Criminal Code);
- Possession of pedo-pornographic material (Article 600-quarter of the Italian Criminal Code);
- Virtual pornography (Article 600-quarter-1 of the Italian Criminal Code);
- Tourism initiatives aimed at exploiting child prostitution (Article 600-quinquies of the Italian Criminal Code);
- Slave trade (Article 601 of the Italian Criminal Code);
- Buying and selling slaves (Article 602 of the Italian Criminal Code);
- Illicit brokering and exploitation of work (Article 603-bis of the Italian Criminal Code);
- Fraudulent solicitation of minors (Article 609-undecies of the Italian Criminal Code).

Crimes of insider trading and market manipulation (Article 25-sexies of the
Decree)

- Abuse of insider information (Article 184, Legislative Decree No. 58 of 24 February 1998 - Consolidated Law on Finance (in Italian: Testo Unico Finanza, hereinafter "TUF");

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- Market manipulation (Article 185, Legislative Decree No. 58 of 24 February 1998 - TUF).

Administrative offences/Liability of the entity (Article 187-quinquies of the TUF)

- Abuse of insider information (Article 187-bis, Legislative Decree No. 58 of 24 February 1998 - TUF);
- Market manipulation (Article 187-ter, Legislative Decree No. 58 of 24 February 1998 - TUF).

Crimes of manslaughter and grievous bodily harms committed in violation of safety regulations and protection of work health and safety (Article 25-septies of the Decree)

- Manslaughter (Article 589 of the Italian Criminal Code);
- Negligent acts causing physical injuries (Article 590 of the Italian Criminal Code).

Crimes of receiving, laundering, and using money, goods or assets of unlawful origin (Article 25-octies of the Decree)

- Receiving stolen property (Article 648 of the Italian Criminal Code);
- Money laundering (Article 648-bis of the Italian Criminal Code);
- Using money goods or assets of unlawful origin (Article 648-ter of the Italian Criminal Code);
- Self-laundering money (Article 648-ter-1 of the Italian Criminal Code).

Crimes related to copyright infringement (Article 25-novies of the Decree)

- Criminal protection of economic and moral rights of use (Article 171, paragraph 1, Letter a)-bis and paragraph 3, Law No. 633/1941);
- Criminal protection of software and databases (Article 171-bis, paragraph 1, Law No. 633/1941);
- Criminal protection of audio-visual work (Article 171-ter, Law No. 633/1941);
- Criminal liability in connection with devices (Article 171-septies, Law No. 633/1941);
- Criminal liability for audio-visual transmissions subject to controlled access (Article 171-octies, Law No. 633/1941).

Crime of inducement not to make or making false statements to the Court (Article 25-decies of the Decree)

- Crime of inducement not to make or making false statements to the Court (Article 377-bis of the Italian Criminal Code).

Crimes against the environment (Article 25-undecies of the Decree)

These concern crimes provided for under the Criminal Code and special laws. Particularly in relation to the commission of crimes set out in the Criminal Code:

- Environmental pollution (Article 452-bis of the Italian Criminal Code);

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- Environmental catastrophe (Article 452-quater of the Italian Criminal Code);
- Crimes against the environment based on negligence (Article 452-quinquies of the Italian Criminal Code);
- Trading and abandoning highly radioactive material (Article 452-sexies of the Italian Criminal Code);
- Aggravating circumstances (Article 452-octies of the Italian Criminal Code);
- Killing, destruction, catching, taking possession of specimens of protected wild animal and plant species (Article 727-bis of the Italian Criminal Code);
- Destruction or degradation of habitats inside protected areas (Article 733-bis of the Italian Criminal Code).

The crimes set out in Legislative Decree No. 152/2006 “Environmental Regulations” are:

- Unauthorised dumping of industrial wastewater containing hazardous substances; dumping on the ground surface, underground and in groundwater; dumping in seawater by vessels or aircraft (Article 137);
- Management of unauthorised waste (Article 256, paragraph 1, Letters a) and b) and paragraphs 3, 5 and 6);
- Failure to decontaminate sites (Article 257);
- Violation of the obligations of communication, of maintaining mandatory registers and forms (Article 258, paragraph 4, Sentence 2);
- Illegal trade of waste (Article 259, paragraph 1);
- Activities organised for the illegal trade of waste (Article 260, paragraph 1 and paragraph 2);
- Computer control system for tracing waste (Article 260-bis, paragraphs 6 and paragraph 7, Sentences 1 and 3, and paragraph 8, Sentences 1 and 2);
- Crimes of violation of emission limits (Article 279, paragraph 5).

Furthermore, in relation to the crimes set out in Legislative Decree No. 152/2006, it should be pointed out Article 256-*bis* indexed as “Unlawful burning of waste”.

Such Article is not specifically invoked by Article 25-undecies; however, the provision is very important for the purposes of administrative liability. This is because, in the event of a commission (or attempted commission) of the aforementioned crime, the company's owner (physical person) or the person responsible for the activity undertaken without supervision, are liable. As a result, the disqualifying penalties provided for under Article 9, paragraph 2, of the Decree will apply. The liability referred to above is independent from that of the perpetrators [of the crime].

In relation to the commission of the crimes of importation, exportation, possession, use for profit-making purposes, purchase, sale, exposition or

possession for the purpose of sale or for the purposes of commerce of the protected species as provided for under Law No. 150/1992.

In relation to the commission of crimes against the ozone and the atmosphere, Article 3, paragraph 6 of Law No. 549/1993 provides for "Measures to protect the stratospheric ozone and the environment".

Concerning the commission of crimes, Legislative Decree No. 202/2007 provides for the "Implementation of Directive 2005/35/EC on pollution caused by vessels and the consequent sanctions":

- Intentional pollution (Article 8, paragraphs 1 and 2);
- Negligent pollution (Article 9, paragraphs 1 and 2).

Employment of third-country citizens staying illegally (Article 25-duodecies of the Decree)

- Provisions against illegal immigration (Article 12, paragraph 3, 3-bis, 3-ter and paragraph 5, Legislative Decree No. 286 of 25 July 1998 – Consolidating Act on Immigration);
- temporary and permanent employment (Article 22, paragraph 12-bis, Legislative Decree No. 286 of 25 July 1998 – Consolidating Act on Immigration).

Racism and xenophobia (Article 25-terdecies of the Legislative Decree)

- Propaganda, instigation and incitement, fully or partially based on the denial of the Holocaust or crimes of genocide, of crimes against humanity and war crimes (Article 3 of Law No. 654 of 13 October 1975, ratifying and executing the International Convention on the Elimination of all Forms of Racial Discrimination).

“Trans-national” crimes (Article 10 – Law No. 146 of 16 March 2006)

If the following crimes are committed “trans-nationally” and constitute necessary conditions for holding the Bodies liable:

- Unlawful association to commit a crime (Article 416 of the Italian Criminal Code);
- Mafia-type unlawful association, even foreign (Article 416-bis of the Italian Criminal Code);
- Criminal association involving the smuggling of foreign tobacco productsⁱ (Article 291-quater of the consolidating law set out in Presidential Decree No. 43 of 23 January 1973);
- Conspiracy to illegally traffic psychoactive or psychotropic drugs (Article 74, Presidential Decree No. 309 of 09 October 1990);
- Provisions against illegal immigration (Article 12, paragraph 3, paragraph 3-bis, paragraph 3-ter and paragraph 5, of the consolidating law referred to in Legislative Decree No. 286 of 25 July 1998);
- Crime of inducement not to make or making false statements to the Court (Article 377-bis of the Italian Criminal Code);

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- Aiding and abetting (Article 378 of the Italian Criminal Code).

The crimes and administrative offences referred to above may entail the administrative liability of the Body that has its main registered office located on Italian territory, even if they were committed abroad.

1.3 The sanctioning system provided for by the Decree

Under the Decree, the penalties for the Bodies are: i) fines, ii) disqualifying penalties iii) seizure of the consideration or the profits of the crime, and iv) publication of the conviction.

Fines apply whenever the legal entity's liability is established and ascertained by the Criminal Court through a system based on «quotas». Specifically, when ordering the fine, the Court fixes the number of quotas taking into account the seriousness of the crime, the Body's level of responsibility as well as the activities carried out to eliminate or mitigate the consequences of the crime and to prevent the commission of further crimes; however, the amount of the quota is fixed based on the Body's financial position.

Disqualifying penalties may be applied for certain types of crimes, expressly indicated, and for alleged cases of greater severity. Such penalties may have a duration of not less than three months and not exceeding two years. Such penalties include disqualifying the company from carrying out its activities; the suspension and revocation of authorisations, licences or concessions necessary to be in the position to commit the crime; prohibition on negotiating with the Public Administration (except for the performance of a public service); exclusion from receiving benefits, facilities, contributions or subsidies and revocation of those already granted; prohibition of advertising goods or services.

Disqualifying penalties are not applied (or are revoked, if already applied as a precautionary measure) if the Body, before the opening statement of the proceedings of the first instance, has:

- Paid compensation for the damage or repaired it;
- Eliminated the harmful or dangerous consequences of the offence (or, at least, took action in towards doing so);
- Gave the proceeds of the crime to the Judicial Authority to be confiscated;
- Removed the organisational flaws that led to the crime by adopting suitable compliance programs to prevent the commission of further offences.

Confiscation consists of the State acquiring the consideration or profits of the crime or acquiring sums of money, goods or other benefits which are

equivalent in value to the price or profit for the Crime. However, that part of the compensation or profit for the Crime that can be repaid to the injured party is not acquired by the State. Confiscation is always ordered with a conviction.

The court may order **publication of the judgment** when the Body receives an injunction. This entails posting the judgment in the municipality where the Body has its head office and publishing on the Ministry of Justice's website.

1.4 The Organisation, Management and Control Model justification of liability under the Decree

Under the Decree, the Company is not subject to penalty if it proves to have adopted and effectively implemented suitable **organisation, management and control model** designed to prevent the commission of the offences that were found. This is without prejudice to the individual liability of those who committed the crime.

Therefore, under the law, those organisation, management and control models that are appropriate to preventing the risk, and adopted and effectively implemented may exempt the company from liability. To this end, the Decree also specifies the requirements that the compliance programs must meet.

More specifically, the Decree specifies the requirements to:

- Identify the activities within the scope of which the offences prescribed by the Decree may be committed;
- Set up specific procedures to plan the development and implementation of the Body's decisions on the offences to be prevented;
- Identify appropriate methods to manage financial resources to prevent offences from being committed;
- Lay down obligations to provide information to the Supervisory Board responsible for supervising the functioning of and compliance with the compliance program;
- introduce a disciplinary system to penalise non-observance of the measures stated in the Model.

If the offence is committed by (i) persons holding an office which involves representation, administration or management duties *vis-à-vis* the Body or one of its Departments with financial and functional autonomy, as well as by (ii) persons exercising, even *de facto*, management and control of the same, the Body is not liable if it proves that:

- The Governing Body adopted and effectively implemented, before the commission of the crime, a Model suitable to prevent crimes similar to the one that was committed;

- The task of updating and monitoring the functioning of and compliance with the Model was entrusted to a Supervisory Board of the Body equipped with autonomous powers of initiative and control;
- The individuals committed the crime by fraudulently avoiding the Model;
- The Supervisory Board did not fail to supervise, or insufficiently supervise, the organisation of the Model.

If the offence is committed by persons under the direction or supervision of any of the aforementioned individuals, the company is liable if the commission of the offence was made possible by failure to comply with the obligations of management and supervision. In any event, this non-compliance would not have occurred had the Body, before the commission of the crime, adopted and effectively implemented a Model suitable to prevent the type of crimes that were committed.

Following the entry into force of Law No. 179 of 30 November 2017, setting out "*Provisions for the protection of whistleblowers reporting crimes or irregularities they became aware of as part of their work in the public or private sector*", the Models must also include:

- one or more channels that allow the whistleblowers indicated in Article 5, paragraph 1, letters a) and b), to submit, for the purpose of protecting the entity's integrity, reports describing unlawful conducts, relevant for the purpose of this decree and founded on accurate and corroborated information, or breaches of the organisation, management and control system of the entity, which the party became aware of in carrying out his/her tasks. Those channels must guarantee confidentiality regarding the whistleblower's identity in the managing of the report;
- at least one alternative computerised whistleblowing channel, able to protect the whistleblower's identity;
- the prohibition of direct or indirect acts of retaliation or discrimination against the whistleblower for reasons directly or indirectly connected with the report;
- in the disciplinary system established pursuant to paragraph 2, letter e), penalties against parties who violate the measures protecting the whistleblower, as well as those who intentionally or with gross negligence file false reports.

2. Pomellato S.p.A.'s Organisation, Management and Control Model

2.1 The adoption of Pomellato's Model, its objectives and its subsequent update

Pomellato adopted and subsequently updated this Model after carrying out a complex task of identifying areas at risk of crime ("At-risk Areas") and their consequent subjection to legal action, in order to:

- align its organisational structure with Italian regulations and specifically with Legislative Decree No. 231/2001;
- assess existing safeguards in the Company, to ascertain their effectiveness with regard to Legislative Decree No. 231/2001;
- consolidate and strengthen existing safeguards to align them with administrative liability regulations for Bodies;
- assess the tools already used by the Company to counter violations of Company procedures and rules of conduct and provide for the relative penalties;
- raise the awareness of all those who work for and on behalf of Pomellato, of the risk of committing a crime that is clearly condemned by the Company as being contrary to its interests and to its principles even when it could gain an immediate or indirect economic benefit;
- intervene early to prevent or oppose even only an attempt to commit the offences in question by constantly monitoring the Company's activities;
- improve the Company's corporate governance and reputation.

Pomellato adopted the first edition of its Organisation, Management and Control Model by resolution of the Board of Directors of February 2nd, 2016.

In consideration of the subsequent regulatory changes, the most recent approaches of case law, which has been consolidated over time, and the organisational changes to the Company structure, the Board of Directors updated the Model to its second version, by resolution of March 28th, 2018.

The preparation of this Model was inspired also by the guidelines issued by **Confindustria** in March 2002 and most recently updated in March 2014.

2.2 The "Recipients" of Pomellato's Model

The principles and provisions of this document must be observed by:

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- Members of the Board of Directors, Statutory Board of Auditors and the independent Statutory Auditor;
- Managers (those who are classified as such according to the applicable National Collective Labour Agreement - CCNL)
- Proxies and representatives acting in the name and on behalf of the Company;
- Employees;
- Consultants, Independent Contractors, Suppliers and Partners to the extent that they may be involved in carrying out activities during which the offences referred to in the Decree could be committed and who do not have their own Model; and
- Those who report to senior management for direction or supervision in relation to their assigned duties and roles.

The individuals so identified are hereinafter referred to as "Recipients".

2.3 Development and subsequent revision of Pomellato's Model

The work performed by the Company for the purpose of preparing this Model took into account the requirements laid down by the Decree (Article 6, paragraph 2). Specifically, Pomellato carried out the following activities:

- a) "*identifying activities within whose sphere offences could be committed*".

To this end, the Company:

- identified sectors/activities/risk areas, with reference to the crimes cited in Legislative Decree No. 231/2001, by analysing business documents (for example, certificate of incorporation, Risk Assessment Document, organisational charts, business procedures, etc.);
- analysed the sectors/activities/risk areas, also by interviewing the divisions concerned (such as the *Commercial Division, Operations, IT*, etc.), to determine in advance the procedures and instruments through which the Company, its administrative bodies, employees and, generally, the individuals cited in Article 5 of the Decree could potentially commit the offences in the Decree;
- identified internal rules and existing protocols (formalised or not) with reference to sectors/activities/risk areas identified as susceptible to crime.

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- b) "providing specific protocols aimed at planning the development and implementation of the Body's decisions concerning the offences to be prevented".

Consequently, specific and general protocols have been provided in the Special Sections of this corporate organisational Model.

- c) "identifying procedures to manage financial resources suitable to obstructing the commission of offences".

Accordingly, specific protocols have been provided in the "Management of Financial Resources" section in Special Section "A" of this corporate organisational Model.

- d) "setting forth obligations to inform the Supervisory Board charged with supervising the operation of and compliance with the models".

To this end, specific information flows between "Information" and "Reports" have been provided for, in addition to the reports referred to in the "Information flows to the Supervisory Board" Annex of this Organisation, Management and Control Compliance Model.

- e) "introducing a disciplinary system to punish non-compliance with the measures specified in the Model."

Consequently, the specific disciplinary system explained below was introduced.

2.4 The map of Pomellato's "At-risk" activities

In accordance with the provisions of the Decree and the procedures referred to above, the Company's "at-risk" activities were identified based on the Pomellato's current operational areas and organisational structure.

Pomellato's Model also takes into account services rendered for Pomellato Europe and the other subsidiaries.

The main activities and business processes that may constitute opportunities or modalities for realising the crimes cited in the Decree are ascribable to:

- *business management and quality control;*
- *management of administrative performances and related inspection activities;*
- *management of disputes and relations with the judicial authority;*
- *management of funding and Public Administration grants;*
- *management of goods and services purchases (including consulting);*
- *management of precious metals and stones purchases;*
- *recruitment and incentive system;*
- *managing relations with third parties;*
- *expenses management;*

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- *management of financial flows and inter-company relations;*
- *management of gifts, events and sponsorship;*
- *preparation of financial statements;*
- *tax management;*
- *management of the board meeting activities;*
- *management of trademarks, image and communication;*
- *IT security management;*
- *management of the prevention and protection system;*
- *management of the activities with an environmental impact.*

When updating this Organizational Model, a new analysis was conducted of the "at-risk" activities listed above, with specific regard to the crimes of (i) private sector bribery provocation (Article 2535-bis of the Italian Civil Code); and (ii) illicit brokering and exploitation of work (Article 603-bis of the Italian Criminal Code), previously not mentioned in Italian Legislative Decree No. 231/2001.

2.5 The structure of Pomellato's Model

The Model consists of a General Section and Special Sections aimed at safeguarding the following activities from the risk previously identified:

Special Section A: Crimes against the Public Administration and its property, the crime of private sector corruption and crime of inducement not to make statements or making false statements to the Court;

Special Section B: Cyber-crimes and copyright infringement;

Special Section C: Organised crime, receiving stolen property, money laundering, use of money, assets or profits obtained illegally and self-laundering money;

Special Section D: Crimes against industry and commerce;

Special Section E: Corporate crimes;

Special Section F: Crimes against the person;

Special Section G: Crimes of manslaughter and grievous bodily harms committed in violation of the safety regulations and protection of health and safety in the workplace;

Special Section H: Crimes against the environment;

Special Section I: Employment of third-country citizens staying illegally.

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The risk profiles regarding the crimes of racism and xenophobia, counterfeiting currencies, securities, and revenue stamps, as well as crimes for the purpose of terrorism or of subversion of democratic order or crimes or practices of female genital mutilation and administrative crimes and offences of market abuse are deemed to be comprehensively regulated by the provisions of the Code of Ethics and the controls set out in the Organisational Model, as well as the Company procedures and regulations.

2.6 Pomellato's services

Pomellato provides services to its subsidiaries that may involve the activities and transactions at risk referred to in the Special Parts of this Model.

Specifically, Pomellato (directly or indirectly through internal resources and / or consultants of their choice) provides services concerning the relations with banks, administration of personnel, independent contractors and related obligations as well as organisation services, and coordinates corporate and legal administration.

The services are provided in accordance with the provisions of the Code of Ethics and the Model adopted by the Company and may be governed by a written contract communicated to the Company's Supervisory Board.

The underlying pacts for providing inter-company services include:

- The power of the Company's Supervisory Board to request that information be communicated to the Supervisory Board, if appointed in compliance with Italian regulations, or the Board of Statutory Auditors, if any, or the entity in charge of the control of the company receiving the services; this is to ensure the correct implementation of its duties in relation to the performance of the services requested by the Company;
- The power of the Supervisory Board or the Board of Statutory Auditors or the individual in charge of the control of the company receiving the services to request the communication of information to the Company's Supervisory Board, or - after informing the latter - to the functions of the Company in order to duly perform supervision.

3. Pomellato's Supervisory Board

The Company has assigned the task of overseeing the functioning of and compliance with the Model to the **Supervisory Board ("SB")**, which must meet the requirements specified below aimed at ensuring the effective and efficient implementation of the Model.

3.1 The requirements to be met by Pomellato's Supervisory Board

The members of the Supervisory Board must meet the requirements cited in the Guidelines of Trade Associations. Specifically:

AUTONOMY AND INDEPENDENCE: The Supervisory Board must not be affected by any form of interference and pressure from senior management and not be in any way involved in the exercise of operational activities and management decisions. The Supervisory Board must not put itself in situations of conflict of interest and the SB, as a body, and its individual members, must not be assigned operational tasks that could undermine its autonomy.

The autonomy and independence requirements are also intended to mean the absence of both family ties and hierarchical obligations to report to senior executives of the Company or individuals with management powers inside the same.

The Supervisory Board must report to senior company management and be able to liaise with it on an equal footing considering that it shares the position of "staff" with the Board of Directors.

PROFESSIONALISM: or possession of the wealth of tools and techniques needed to exactly and effectively carry out the assigned activity. The professionalism and authority of the Supervisory Board are also connected to its professional background. In this regard, the Company believes in the importance of carefully examining the credentials of potential candidates and their background, favouring profiles that have acquired specific expertise in the field.

CONTINUITY OF ACTION: the SB seamlessly carries out the activities necessary for the Model's supervision with adequate commitment and with the necessary investigation powers, meeting at least quarterly.

INTEGRITY: in relation to the provision of grounds for ineligibility, revocation, suspension or disqualification from serving on the Supervisory Board as hereinafter specified.

In accordance with the regulatory requirements contained in the Decree, the Company intends to choose a Supervisory Board. The Management Body must assess the requirements described above at the time of appointment.

3.2 Grounds for ineligibility, revocation, suspension and forfeiture

In appointing the members of the Supervisory Board, the Board of Directors of the Company has expressly provided the following as grounds for the **ineligibility** of members of the SB.

The following individuals cannot be elected:

- notwithstanding the effects of rehabilitation, individuals convicted as a result of a judgment, even if not final, or a judgment enforcing the penalty requested by the parties (namely, plea bargaining) – including probation decisions –, for:
 1. imprisonment for a term not less than one year for one of the crimes listed in Royal Decree No. 267 of 16 March 267;
 2. detention for not less than one year for one of the offences provided for by the rules governing banking, financial, securities and insurance activities and the rules governing markets, securities and payment instruments;
 3. imprisonment for a period not less than one year for a tax crime carried out against the Government, the public trust, public property and public finances;
 4. any misdemeanour with imprisonment for not less than two years;
 5. one of the crimes covered by Title XI of Book V of the Italian Civil Code as rephrased by Legislative Decree No. 61 of 11 April 2002;
 6. a crime that implies or implied being convicted by imposing a penalty which may result in disqualification, even temporary, from public office, or temporary disqualification from managerial positions with legal entities and enterprises;
 7. one or more crimes from those specifically laid down by the Decree, even if these resulted in less severe sentences than those cited in the above paragraphs;
- those who are definitively convicted with the precautionary measures provided by Article 10, paragraph 3 of Law No. 575 of 31 May 1965, as substituted by Article 3 of Law No. 55 of 19 March 1990, as amended;
- those who received the additional administrative penalties provided by Article 187-quater of Legislative Decree No. 58 of 24 February 58.

The members of the Supervisory Board certify with a declaration in lieu of affidavit that they are not in any of the above conditions, expressly undertaking to communicate any changes to the contents of such statements.

The potential removal of members of the Supervisory Board will be decided by the Board of Directors of the Company and may be arranged exclusively for grounds related to serious impediments with respect to the mandate

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undertaken, including breaches of the confidentiality obligations listed below, as well as due the existence of the below-cited grounds for revocation.

Furthermore, members of the Supervisory Board **are disqualified** from holding office if, following their appointment, they:

- are convicted with final judgment or enter a plea bargain for one of the crimes listed under numbers 1, 2, 3, 4, 5, 6 and 7 of the above-cited conditions of ineligibility;
- violated confidentiality obligations closely related to the performance of their duties.

The members of the Supervisory Board are also suspended from their office in the event of:

- conviction with interlocutory judgment for one of the crimes described in numbers 1 to 7 of the above-cited conditions of ineligibility;
- plea bargain on the punishment entailing the application of any one of the penalties listed in numbers 1 to 7 of the above-cited conditions of ineligibility;
- application of a precautionary measure restricting the individual freedom;
- provisional application of one of the precautionary measures provided by Article 10, paragraph 3, of Law No. 575 of 31 May 1965, as replaced by Article 3 of Law No. 55 of 19 March 1990, as amended.

The BoD determines the remuneration of the Supervisory Board at the time of its appointment for its entire term of office.

3.3 The duties of Pomellato's Supervisory Board

To carry out its duties, the Board of Directors gives the Supervisory Board a yearly expense budget. The Supervisory Board may independently commit resources that exceed its spending limits if the use of the same is necessary to address exceptional and urgent situations. In these cases, the Supervisory Board must promptly inform the Board of Directors.

The Supervisory Board makes use of all company resources to carry out the tasks entrusted to it.

The SB performs the following tasks:

- monitoring the effectiveness of the Model by assessing the compliance of the Model with specific rules adopted in the areas at risk;
- periodically verifying that the Model is respected by all the individual units / Company areas at risk, in order to ensure that the rules defined and safeguards established are followed as closely as possible and are suitable to prevent the risk of committing the crimes highlighted;

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- ensuring that the Code of Ethics and all its provisions are respected by all individuals in any way involved with the company;
- reporting to the Board of Directors any updates or amendments to the Model in accordance with the evolution of the law and case-law, and as a result of corporate organisational changes;
- ensuring the smooth functioning of the control activities for each area at risk, by promptly reporting anomalies and malfunctioning of the Model after examining the areas / positions concerned.

The Supervisory Board carries out its activities, except for urgent and special cases, at least quarterly.

3.4 Pomellato's Supervisory Board reporting activity

In order to guarantee full autonomy and independence in carrying out its functions, the Supervisory Board directly reports to the Company's Board of Directors and **annually** reports on the implementation of the Model and any critical issues in a written report. More specifically, they will duly indicate the activities carried out during the period, detailing the checks performed, results obtained, and any need to update the Model.

The SB must also prepare an annual plan of activities for the following year, which identifies audits to be carried out, and the timing and priority of the measures to be taken.

However, the Supervisory Board may carry out, within the scope of the business activities at risk and if it so deems necessary for the performance of its tasks, control checks not included in the action plan ("surprise checks").

The SB may request to be heard by the Board of Directors whenever it deems it appropriate; likewise, the SB can request explanations and information from the Board of Directors.

On the other hand, the Supervisory Board may be called at any time by the Board of Directors to report on particular events or situations concerning the operation of and compliance with the Model.

The aforementioned meetings must be put on record and the SB (and the bodies from time to time involved) must keep a copy of the minutes thereof.

3.5 The disclosure requirements to be met by Pomellato's Supervisory Board

The SB is the recipient of any information, documentation and / or communication, even from third parties concerning their compliance with the Model.

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All Recipients of this Model are bound by a duty of disclosure to the Supervisory Board. The information will be disclosed through:

i) reports;

ii) information.

The Supervisory Board ensures **strict confidentiality** in relation to any news, information and reports, **under penalty of removal from office and the disciplinary measures defined below**, without prejudice to the requirements inherent in carrying out investigations in the event that the SB or other corporate structures require the support of external consultants.

All information and reports referred to in this Model are stored by the Supervisory Board both electronically and on paper, in accordance with the provisions of Legislative Decree No. 196 of 30 June 2003 (Privacy): the minutes and documents of the Supervisory Board must be kept at the offices of the Company and locked in separate storage closets, accessible only to its members, and only for the reasons related to performing the tasks referred to above, under penalty of immediate termination of office.

i) Reports

All Recipients must promptly report to the Supervisory Board every derogation, violation or suspected violation to their knowledge of the rules of conduct set out in the Company's Code of Ethics and the principles of conduct and execution procedures for carrying out the activities identified "at risk" and governed by the Model.

Reports above and reports describing unlawful conducts, relevant for the purposes of Italian Legislative Decree No. 231/2001 and founded on accurate and corroborated information, or reports of (even alleged) breaches of the Organisation, Management and Control Model, which a party became aware of in carrying out his/her tasks, are governed by the regulatory provisions concerning *whistleblowing*, set forth under Law No. 179/2017, with particular reference to protecting the whistleblower from any type of retaliation and/or discrimination. More specifically, in compliance with the provisions of Article 6, paragraph 2-bis of Italian Legislative Decree No. 231/2001, reports may be made through the following channels, which guarantee confidentiality of the whistleblower's identity in the activities of managing the report:

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posted to:

Supervisory Board of Pomellato S.p.A.

Pomellato S.p.A.
Via Neera, 37 – 20141 Milan

or emailed to:

odv.pomellato@pomellato.com

odv.pomellato@gmail.com

The Supervisory Board evaluates all reports received and undertakes subsequent initiatives at its reasonable discretion and under its responsibility within the scope of its competences, potentially hearing the author of the report and the person responsible for the alleged violation. Every subsequent decision will be motivated and any action taken will be applied in accordance with the provisions of the chapter on Sanctions.

The Supervisory Board protects the authors of reports against any form of retaliation, discrimination, disadvantage or any consequence arising from the same, ensuring confidentiality of their identity, without prejudice to the legal obligations and protection of the rights of Pomellato or of those individuals wrongly accused or accused in bad faith.

ii) Information

During its monitoring activities, the Supervisory Board specifies the documentation that must be periodically submitted to it.

It is mandatory for the Supervisory Board to receive:

- measures and/or news from the judicial police or any other authority, based on which it is apparent that investigations are being conducted in relation to the Company for the types of offences envisaged by the Decree. This applies also when investigations are conducted against unknown persons;
- visits, inspections and investigations undertaken by the competent agencies (Local Health Authority, Italian Regional Environmental Protection Agency, etc.) and any relief and sanctions imposed as follow-up measures;
- requests for legal assistance made by individuals inside the Company, in the event of judicial proceedings for one of the offences prescribed by the Decree;
- reports prepared by the corporate structures or by third parties appointed by the Company within the scope of their monitoring

activities, from which emerge critical issues with respect to the rules of the Decree;

- periodic news on the effective implementation of the Model in all the areas/departments at risk;
- periodic news on effective compliance with the Code of Ethics at all levels of the company;
- information on the development of activities related to the areas at risk;
- system of powers of attorney and proxies adopted by the Company.

In the event of information and/or news, also unofficial, relating to the commission of the crimes prescribed by the Decree, or otherwise concerning any violations of the Model and the Code of Ethics, each person must report to their supervisor/manager who will immediately report to the SB.

The flow of information must reach the Supervisory Board, using the procedures and the addresses indicated above.

3.6 Relations between the Supervisory Boards of Pomellato and of Pomellato Europa S.p.A.

Pomellato's Supervisory Board and the SB of Pomellato Europe organize periodical meetings, in order to share information about respective verifications, with particular reference to *infragroup service* activities specified under paragraph 2.6 above.

This is without prejudice to the autonomy of management of each Supervisory Board.

4. Information and training

4.1 General provisions

The Company aims to ensure that those who work for the Company are duly and completely informed about the Model, the contents of the Decree and the obligations arising therefrom.

The Company will organise training sessions from time to time. Such training will be mandatory and supplied on a continuing basis. Its content may change and be adapted where necessary.

Training and information is managed by Human Resources Management, in close coordination with the managers of the areas/departments involved in the implementation of the Model.

4.2 Initial communication

This Model is communicated by the Company's Chief Executive Officer to all of the Company's resources.

All Employees sign a form whereby they attest to having been made aware of and to accepting the Model.

An information pack – whether in paper or electronic format - containing the Model and the Code of Ethics is given to new employees to ensure their knowledge of the contents thereof, which is crucial.

All subsequent changes and information concerning the Model will be communicated to corporate resources through official information channels.

4.3 Personnel training

Participation in training activities designed to raise awareness of the regulations referred to in the Decree and rules and principles of the Organisation, Management and Control Model and Code of Ethics is **mandatory**.

Training will take into account, as part of the content and methods of the relevant courses, the status of the Recipients, the risk level of the area where they work and whether the Recipients have been granted representation powers, within that area.

Unjustified absence at training sessions is considered a disciplinary offence, in accordance with the provisions of the Disciplinary System spelled out below.

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Pomellato implements training courses that demonstrate, based on a modular approach:

- the legal framework;
- the Code of Ethics and the Organisation, Management and Control Model adopted by the Company including the Special Sections;
- the role of the Supervisory Board and tasks assigned to it by the Company.

The Supervisory Board ensures that the training programs are of adequate quality and effectively implemented.

To circulate the Model and the Code of Ethics, these are also published on the Company's Intranet and delivered in paper or published on the notice board.

4.4 Information for Consultants, Independent Contractors, Suppliers and Partners

The Company requires its Consultants, Independent Contractors, Suppliers (including those responsible for processing and manufacturing jewellery on behalf of the Company) and Partners to comprehend and comply with the Model in pursuance of specific contractual clauses.

5. System of sanctions

5.1 General profiles

The provision of a system of sanctions appropriate to punish non-compliance with the rules set out in the Model is a condition required by Legislative Decree No. 231/2001 to exclude the Bodies' administrative liability and to ensure the effectiveness of the Model.

The Company and its officers are prohibited from implementing direct or indirect acts of retaliation or discrimination against the whistleblower for reasons directly or indirectly connected with their reports. In this regard, the following disciplinary measures are provided:

- in the event of failure to comply with the measures and principles set out in the Model;
- against parties who violate the measures protecting the whistleblower;
- against those who intentionally or with gross negligence file false reports.

The adoption of discriminatory measures against the whistleblowers may be reported to the National Labour Authority, for measures under its jurisdictions, not only by the whistleblower itself but also by the trade union.

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In compliance with regulations in force, it is specified that dismissal as a way of retaliation or discrimination shall be null and void.

Changes in duties, as well as any other retaliation or discriminatory measure adopted against the whistleblower shall also be null and void. In the event of disputes linked to the implementation of disciplinary penalties, or demotions, dismissals, transfers or subjecting the whistleblower to other organisational measures with direct or indirect negative effects on his/her working conditions, following the submission of a report, it is the employer's responsibility to demonstrate that those measures are based on reasons other than the report itself.

The imposition of disciplinary sanctions for violation of the principles and rules of conduct specified in the organisational Model is independent from the potential filing of criminal proceedings and from the outcome of the related judgment for the commission of one of the acts of misconduct laid down by Decree.

After communicating to the SB of any of the abovementioned circumstances, an assessment is commenced in accordance with the National Collective Labour Agreement applicable to the worker. The Supervisory Board conducts itself this verification procedure in coordination with the company Bodies responsible for levying the disciplinary measures, in consideration of the seriousness of the conduct, the possible reiteration of non-compliance or the degree of negligence.

Through the bodies and functions specifically responsible, Pomellato coherently, consistently and uniformly imposes penalties (i) proportionate to the respective violations and/or unlawful conducts and (ii) consistent with the provisions in force on labour relations. The disciplinary measures applicable to different professionals are cited below.

5.2 Penalties for non-Executive employees

Employee's conducts that determine:

- violation of single rules of conduct in this Model, the Code of Ethics, the rules and protocols adopted by the Company;
- violation of the measures in place to protect whistleblower;
- filing of false reports intentionally or with gross negligence

are disciplinary offences.

The penalties imposed on employees are adopted in accordance with the procedures prescribed by applicable regulations.

It expressly refers to the categories of punishable acts provided by the existing penalty system, namely the contractual standards referred to in the **National Collective Labour Agreement for goldsmiths, silversmiths and jewellers** (hereinafter, National Collective Labour Agreement).

In applying the principle of proportionality, depending on the gravity of the offence committed, the following sanctions are provided for:

- A. Verbal warning;
- B. Written reprimand;
- C. Fine;
- D. Suspension;
- E. Dismissal.

A. Verbal warning: is provided in the event of minor failures to observe or breaches of the principles and the rules of conduct set forth in this Model, equating such conduct to a **mild breach** of contractual rules or directives and instructions issued by the management or a supervisor.

B. Written reprimand: is provided in the event of failure to comply with the principles and rules of conduct set out in this Model, for non-compliant or inappropriate conduct to the extent that it can be considered not minor and not serious, equating such conduct to a **mild breach** of contractual rules or directives and instructions issued by the management or a supervisor;

C. Fines not exceeding three hours of pay plus a fixed indemnity pursuant to the collective labour agreement or minimum wage including a fixed indemnity pursuant to the collective labour agreement: are imposed for non-compliance with the principles and rules of conduct set out in this Model, for non-compliant or inappropriate conduct regarding the requirements of the Model, to such an extent as to be considered serious (including when caused by repeated violation). The violation of the obligation to inform the SB with regard to the commission - or attempted commission - of crimes, falls under such conduct, in addition to all violations of the Model, as well as the violations of the measures in place to ensure the confidentiality of the whistleblower and false reports filed intentionally or with gross negligence. The same penalty will be administered for repeated failure to participate (in person or in any way required by the Company), without justification, in training sessions provided over the time by the Company on Legislative Decree No. 231/2001, on the Organisation,

Management and Control Model and on the Code of Ethics adopted by the Company or concerning matters related thereto.

D. Suspension from work and fine amounting to a maximum of three days' salary: is imposed for the most serious violations, with respect to the offences referred to in the preceding paragraph.

E. Dismissal: applies for serious and/or repeated violation of the rules of conduct and the rules contained in the Model, which are not in conflict with the law and contractual provisions. This sanction also applies in the event of violations of the measures in place to ensure the confidentiality of the whistleblower, or of reports - filed intentionally or with gross negligence – on unlawful behaviours or on violation of the Model or of the Code of Ethics which prove to be groundless, where those conducts are so serious as to prevent the continuation of the working relationship.

5.3 Penalties for Executives

Violation of the principles and rules of conduct contained in this Model by executives or adopting **conduct that is not consistent** with the cited requirements, as well as violation of the measures in place to ensure the confidentiality of the whistleblower or unfounded reports submitted intentionally or with gross negligence will be subjected to disciplinary measures determined according to the severity of the violation. Dismissal is provided in the most severe cases in view of the fiduciary relationship between the executive and employer.

The following also constitutes a disciplinary offence:

- executive's **failure to supervise** the proper implementation, by junior employees, of the rules of the Model;
- violation of the obligation to inform the Supervisory Board concerning the commission of important offences, even if only attempted;
- violation of the rules of conduct contained therein by the executives themselves;
- conduct, while performing their respective job, which does not comply with that reasonably expected of an executive in such position and with such degree of autonomy;
- violation of the measures in place to ensure the confidentiality of the whistleblower set forth under Law 179/2017;
- submission, intentionally, or with gross negligence of unfounded reports.

5.4 Penalties for members of the Board of Directors and the Board of Statutory Auditors

If any member of the Board of Directors:

- breaches this Model;
- violates the measures in place to ensure the confidentiality of the whistleblower;
- intentionally or with gross negligence submits an unfounded report

the Board of Directors, promptly informed by the SB, may implement every appropriate measure permitted by law, including the following sanctions, determined according to the severity of the crime and negligence and the resulting consequences:

- formal written reprimand;
- fine ranging from between **two to five times** their salary calculated on a monthly basis;
- revocation, in whole or in part, of any powers of attorney.

If the violations are such as to incorporate just cause for dismissal, the Board of Directors proposes at the Shareholders' Meeting the adoption of competency measures and provides for the additional obligations prescribed by law.

In the event of violation by a member of the Statutory Board of Auditors, the Supervisory Board must immediately inform the Chairman of the Board of Directors, through a written report. The Chairman of the Board of Directors, in the event of violations providing just cause for dismissal, calls the Meeting by sending the Supervisory Board's report in advance to the shareholders. Nonetheless, it is the Shareholders' Meeting that adopts the measure resulting from the abovementioned violation.

5.5 Penalties for Consultants, Independent Contractors, Suppliers and Partners

Any violation of the requirements under the Model by Consultants, Independent Contractors, Suppliers (including those responsible for processing and manufacturing jewellery for the Company) and Partners, and by those who are from time to time referred to as one of the "Recipients" of the same, is punished by the competent bodies in accordance with internal corporate rules, as stipulated in the contractual clauses in the relative agreement. In any event, such violation may also be punished by administering conventional penalties, including automatic termination of the

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contract (in compliance with Article 1456 of the Italian Civil Code), without prejudice to claiming compensation for damages.

With regard to reports, the general provisions set forth in the present Model shall apply.
