



# **ORGANIZATIONAL 231 MODEL**

AS PER LEGISLATIVE DECREE

N. 231, JUNE 8th, 2001.

General Part

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## Definitions

The following definitions refer to all the Model's parts, excluded further possible terms included in the single parts.

<b>Authority</b>	The Judicial Authority, the Vigilance Authority, the Police and any other Public Official or Public Service or Officer in Charge vested with inspection powers.
<b>Sensitive activities</b>	Specific activities with risk of offence under Decree 231
<b>Ethical Code</b>	The Ethical Code adopted and approved by the Azimut Benetti S.p.A.'s Board of Directors and its subsequent updates.
<b>External Consultants</b>	The agents, brokers, distributors, consultants, contractors, suppliers, dealers, intermediary, cooperators and all those who operate in Italy and abroad directly and indirectly in the name and/or on behalf of and/or under the directions of Azimut and/or the Companies belonging to the Group.
<b>Decree 231 or Decree</b>	Legislative Decree n. 231 of June, the 8th of 2001, and its subsequent amendments and integrations.
<b>Model's Recipients</b>	The Employees, the Members of the Company's Board of Directors, the members of the Company's Board of Auditors, as applicable, the Company' s Auditing firms and the External Consultants.
<b>Employees</b>	The cooperators who are employed by the Company, regardless of the type of contract, qualifications and/or recognized employment framework or the possible detachment to other employers in Italy or abroad.
<b>Group</b>	Azimut Benetti S.p.A. and its related/subsidiary or partner companies.
<b>Officer in charge of a public service</b>	Those who, under any title, offer a public service. For public service is intended any activity regulated by the same field of the public function, but characterized by the lack of the latter's typical powers, excluding the execution of simple orders and the performance of tasks of strictly material nature as per article 358 of the Italian Criminal Code (C.P.).
<b>Azimut or the Company</b>	Azimut Benetti S.p.A..

<b>Organizational 231 Model</b>	The Organizational 231 Model adopted by Azimut as per Decree 231.
<b>Supervisory Body or SB</b>	The internal control body, named by Azimut as per Decree 231 and responsible for supervising the Model's observance and its subsequent updates.
<b>Public Administration</b>	Public entities, public administration and any institutional partner, either Italian or foreign.
<b>Public Officer</b>	Those who exercise a legislative, judicial or administrative public function. To the same extent it is considered public the administrative function disciplined by Public Law legislation and by authoritative acts and characterized by the public's will formation or manifestation or by its execution through authoritative or certification powers (as per art. 357 C.P.)
<b>Offence</b>	The case of suppose offence, to which is applicable the discipline outlined in Decree 231.

## 1. PURPOSE AND PRINCIPLES OF LAW

### 1.1 Legislative Decree n. 231 of June the 8th 2001.

The Legislative Decree (June the 8th 2001), n. 231 has introduced into our legal framework the "administrative" liability deriving from the institutions' Offences, as a distinct and autonomous liability from the one of the offending physical persons.

Such responsibility, even though formally defined as administrative, is considered as subsidiary to the investigation of an offence by the criminal court.

The Offence, included by those outlined in Decree 231, should be committed by a subject linked to the institution by a qualified relationship and, in particular:

- a) by the so called subjects in apical position, i.e. persons who have representative, administrative or management functions within the institution or in one of its departments having financial and operational autonomy, and by persons who exercise, also *de facto*, the management and the control of the same (in case of a Company, the management);
- b) by the so called subjects or persons under the direction or the supervision of one of the subjects as per a) (practically, in the Companies' case, the employees and its consultants).

This represents an extension of responsibility that includes in some criminal offences' punishment apart from the physical person that committed the offence, the institutions that obtained an advantage from the offence committed or the institution the offense was committed on behalf of. The "advantage" or "interest" represents two separate criteria for allocation of responsibility, and only one of them is sufficient to determine the institution's responsibility.

The institutions' liability is applied to the offence categories expressly contemplated by Decree 231 and as per art. 4 of the said Decree, this can be applied also to offences committed abroad, as long as the Government of the Country where these were committed is not pursuing them. It is furthermore sanctioned the attempted commission of an offence.

## 1.2 The Offences

The institutions can be considered responsible only for specific offences outlined by Decree 231, as amended by the several subsequent legislative measures that have from time to time extended the list of offences included in the Decree.

The specific Offences that can trigger the institutions' administrative liability as per the Decree fall under the following categories:

- offences committed within the relationship with Public Administration (articles 24 and 25);
- information technology crimes and illegal handling of data (article 24 *bis*);
- organized crime (article 24 *ter*);
- currency, public credit notes, revenue stamps or identity documents forgery (article 25 *bis*);
- crimes against industry and commerce (article 25 *bis* 1);
- corporate crimes (article 25 *ter*);
- terrorism and democracy evasion crimes (article 25 *quater*);
- FGM (female genital mutilation) practices (article 25 *quater* 1);
- offences against own's persona (article 25 *quinquies*);
- market abuse (article 25 *sexies*);
- manslaughter or severe or extremely severe injuries committed in violation of the safety and health on the workplace guidelines (article 25 *septies*);
- money laundering and use of money or goods or utilities of illegal source (art. 25 *octies*);
- offences related to violation of copyright (art. 25 *novies*);
- intimidation not to report or to report falsely to the Judicial Authority (article 25 *decies*);
- environmental crimes (article 25 *undecies*);
- employment of illegal aliens (article 25 *duodecies*);
- transnational crimes (article 10, Law of 16th of March 2006, n. 146).

## 1.3 Indictment criteria

For the legal entity's liability to be raised, the crime/offence committed by the apical or subordinate subject linked to the entity must have offered an advantage or interest to the legal entity. "Interest" is deemed to have existed when the offence's perpetrator has acted with the aim of benefiting the institution, regardless if such aim has been reached or not; the "advantage" represents the positive outcome, whether economic or other, the institution has benefited from, or could have benefited from the offence. As a consequence the institution cannot be held liable for offences committed by third parties to their own or third parties' benefit only.

## 1.4 Sanctions

The penalty system put in place by Decree 231 is structured in four types of penalties applicable to the institutions in case of conviction:

- financial penalties;
- disqualification sanctions;
- confiscation;
- publication of judgement.

Financial penalties are always applied in case of conviction.

The determination of the penalty's extension, as per art. 10 of the Decree, is based on an elaborated quota system. The quota amount ranges from a minimum of 258 Euros to a maximum of 1.549 Euros. For any offence the Decree provides the application of the financial penalty until a certain quota amount.

The penalty to be practically imposed is established by the Judge, according to specific criteria such as the severity of the fact, extent of the institution's responsibility, activities conducted by the institution to eliminate or mitigate the fact's consequences and to prevent the commitment of other offences, the institution financial and patrimonial status (as per articles 11 and 12 of the Decree).

The disqualification sanctions are imposed only if expressly provided by the Decree 231 for the offence the Institution has been charged with. They consist of the following measures:

- disqualification from exercising the activity;
- suspension or repeal of authorizations, licenses or concessions functional to the commitment of the offence;
- interdiction to have contact with Public Administration, unless with the aim of obtaining a public service;
- exclusion from concessions, foundings, contributions or subsidies and possible cancellation of those already granted;
- ban on advertising goods or services.

Such types of penalties are applied when the following circumstances recur: a) the institution has gained a relevant profit and, at the same time, the Offence has been committed by a subject in apical position or, if committed by subordinates, the commission of the offence has been facilitated by lacks in the organizational model; or, alternatively, b) there has been reiteration of the offence.

While choosing the disqualification penalty the Judge should apply the same criteria above listed and used for the financial penalties.

Particularly, it is required that the disqualification penalty is specific, i.e. it should address the specific activity the entity's offence was involved into. It is possible for more than one disqualification penalty to be applied at the same time.

In the cases where the conditions to impose a disqualifying penalty entailing the discontinuance of the institution's activities exist, if the institution offers a public service or a public necessity service whose interruption determines a grave damage to the public, or if the activity's discontinuation, considered the institution's dimensions and the financial circumstances on the territory where it is located, has notable consequences on employment, it is provided that the Judge can direct that the entity's activities to continue under a commissary for a period of time equivalent to the duration of the penalty that would have been inflicted.

The duration of the disqualifying sanctions can neither be less than three months nor exceed two years. As a matter of fact, the disqualifying sanctions are, in principle, temporary. However, in case a legal entity has been convicted at least three times in the last seven year to the temporary disqualification from the activity, and if it has gained a substantial profit from the Offence, the Decree provides for the penalty of definitive disqualification from exercising the activity.

Decree 231 furthermore provides that the company can be exempted from disqualifying sanctions should it have fully compensated for the damages derived from the offence and should it have provided for the implementation of adequate organizational and management models. Particularly, the disqualifying sanctions are not applicable when, before the opening of the trial of first instance, the following conditions are fulfilled: (a) the damages derived from the offence have been fully compensated and the damaging or dangerous consequences have been rectified or concrete measures aiming at eliminating the same have been put in place; (b) the institution has eliminated the organizational pitfalls that have determined the offence through the adoption and the execution of suitable organizational models to prevent offences of the same kind from occurring in the future (c) the profits derived by the offence have been made available for confiscation.

The confiscation of the price value or the profit derived from the Offence is always provided for in case of conviction. When it is not possible to execute the confiscation of the property that has constituted the price value or the profit derived from the offence, the same can target an amount of money or property or other utilities of equivalent value.

The verdict's publication, as an extract or in full, in one or more journals listed by the Judge in the judgement and charged to the convicted institution can be provided for in cases where a disqualification sanction has been imposed.

### **1.5 Precautionary measures**

Pending the criminal proceedings, and upon application by the Public Prosecutor, the Judge can provide for some disqualifying measures above listed as a precaution.

This is possible when serious clues regarding the institution's responsibility and well established and specific elements leading to believe that there is a danger that similar offences to the one considered may be committed are available.

In determining the precautionary measures, the Judge takes into consideration the relevance of each in relation to the type and degree of the precautionary needs to the specific case: the precautionary measure should be proportional to the extent of the disputed unlawful act and to the applicable sanction. The activity's ban can be imposed as a precaution only when any other measure appears to be inadequate.

Precautionary measures cannot be applied jointly or have a duration of over a year. As interim relief it is also possible to establish the institution's commissary in lieu of such precautionary measures for the whole duration the precautionary measure would have been otherwise applied.

### **1.6 Organizational and management models as a waiver of liability**

Once it has been confirmed that a subject in apical position has committed an Offence to the benefit or advantage of the institution, Decree 231 provides for the exclusion of the institution's liability where this has proved that:

- it has adopted and effectively undertaken an organizational and management model adequately preventing the commission of Offences of the same type as the one committed;
- a body vested with initiative and supervision powers has been created within the institution, that is in charge of supervising the functioning and the compliance to the models and of updating them (the so called Supervisory Body);
- the persons who have committed the Offences have fraudulently evaded the organizational and management models, and therefore there was no omission or insufficient supervision by the aforesaid Supervisory Body.

In the case the Offence was committed by a subordinated subject, the institution's liability remains valid only if it is ascertained that the commission of the Offence was made possible by the inobservance of the supervision and direction orders and, according to Decree 231, there shall not be inobservance of such orders if the institution, prior the commission of the act, had adopted and effectively implemented the organizational and management model (so called organizational liability)

In conclusion the chore of the institutions' liability discipline as per Decree 231 is represented by provisions related to the organizational and management models. These represent a "safeguard" system aimed at preventing the commission of Offences.

The actual adoption and execution of an organizational and management model, whose contents reflect what is required by Decree 231 represent, as a matter of fact, the objective circumstances that exclude the so called institution's organizational liability, and as a consequence, its liability in case of offences committed by apical or subordinated subjects.

The Decree 231 system attributes several capacities to the organizational and management models. These, if set up prior to the commission of an Offence, involve the legal entity's exemption from liability; if adopted following the commission of an Offence (as long as it is adopted before the opening of trial of first instance), they can determine a reduction in the financial

penalty and the exclusion of the disqualification sanctions; if adopted following the application of a preventive measure, they can entail its suspension (as per art. 49 of the Decree).

### 1.7 Organizational and management models' features

Decree 231 requires that an effective model should contain the following minimum contents:

- identify the activities within which the Offences listed by the Decree can be committed;
- provide for specific protocols aimed at planning the formation and execution of the entity's decisions related to the Offences to be prevented;
- identify the financial resources management mode suitable for the prevention of the commission of Offences;
- provide for the obligation to inform the body in charge of supervising the application and compliance to the model;
- introduce an internal disciplinary system apt to sanction the non compliance with the models' measures;
- provide for measures that guarantee the running of the activity within the law and adequate to the institution's nature and size and that can promptly identify and eliminate any situations at risk.

### 1.8 The Whistleblowing Rules<sup>1</sup>

On 29<sup>th</sup> Decembre 2017 Law 179/2017 providing "Rules for the protection of whistleblowers of offences or irregularity during a public or private working relationship" came into force (Whistleblowing Law).

Art. 2 of Whistleblowing Law amended art. 6 of Decree, introducing three new paragraphs which for companies adopting organizational and management model provide the implementation of:

- One or more channels of communication through which whistleblowers can "whistleblow unlawful behaviours – significant according to the Decree - for the protection of the institution". Whistleblowing should be based on precise and consistent and communication channels should be used with the only purpose to grant the company's integrity and the privacy of the whistleblower;
- An alternative communication channel apt to grant whistleblower's privacy;
- A prohibition to discriminatory and retaliation treatments towards whistleblower for reasons directly or indirectly connected to the whistleblowing. At this purpose, art. 6.2-quarter of Decree, providing that discriminatory or retaliation dismissal, job modification or any other discriminatory and retaliation measure towards whistleblower is to be considered nul, is particularly important;
- Sanctions against any violation of this prohibition and against any ungrounded whistleblowing performed either willfully or as a result of gross negligence.

### 1.9 Confindustria's guidelines

Decree 231 establishes that the organizational and management models can be adopted based on codes of conduct (or guidelines) prepared by the category's representative associations and communicated to the Justice Ministry (article 6, comma 3).

In particular Confindustria has published in March 2002 its own "Guidelines for the drafting of organizational, management and control models ex legislative decree 231/2001". Taking care of updating them in March 2008 and lastly in July 2014, considering the various legislative amendments, case law and practical applications occurred in the meanwhile.

Confindustria's guidelines identify two main steps where the risk prevention system as per Decree 231 should be articulated

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<sup>1</sup> Paragraph added with the Model's update approved by Azimut's Board of Directors on 27th July 2018



and in particular: the potential risks identification and the planning of a control system. Fundamental step in the building of a prevention and control system is the definition of “acceptable risk” to the company, that should be articulated differently according to the single types of Offences.

## **2 AZIMUT BENETTI S.P.A.'S ORGANIZATIONAL AND MANAGEMENT MODEL**

### **2.1 Implementation of the Organizational and Management Model by Azimut**

Azimut believes it is fundamental and consistent with its company policy to adopt an Organizational and Management Model as per Decree 231, in order for all the Model's Recipients to maintain a behaviour apt to prevent the risk of Offences commitment as per Decree 231 while they are carrying out their activities and services.

While putting together the Organizational and Management Model, Azimut has referred to the latest trends outlined in the Confindustria's guidelines (July 2014 issue) apart from the Decree 231 provisions.

The Organizational and Management Model was approved and adopted by Azimut's Board of Directors, as provided for by Decree 231, on the 29th of May 2015.

Along with the approval and adoption of the Organizational and Management Model, the Board of Directors has constituted the body in charge of supervising on the functioning and observance of the Organizational and Management Model as provided for in Decree 231 (the “Supervisory Body”).

On the 21st of July 2016 Azimut's Board of Directors approved and adopted the first update of the Organizational and Management Model with reference to the offences regarding safety and health on the workplace (article 25 *septies* of Decree 231) and in light of the extension of the field of application of the Decree 231 to corporate crimes (article 25 *ter* of Decree 231), to self-laundering (article 25 *octies* of Decree 231) and to environmental crimes (article 25 *undecies* of Decree 231).<sup>2</sup>

On the 27th of July 2018 Azimut's Board of Directors approved and adopted the second update of the Organizational and Management Model with reference to the offences regarding racism and xenophobia (article 25 *terdecies* of Decree 231) and in light of the amendment of the field of application of Decree 231 regarding corporate crimes (article 25 *ter* of Decree 231) and environmental crimes (article 25 *undecies* of Decree 231). Moreover, the update has been necessitated by the entry into force of Law 279/2017 concerning whistleblowing which amended art. 6 of Decree 231<sup>3</sup>

### **2.2 The Organizational and Management Model's scope**

With the adoption of the Model and the Ethical Code, the Company aims at perfecting and improving the existing entirety of standards of conduct, principles, protocols and also all the existing organizational tools and internal controls, duly following Decree 231.

The Model also intends to create a wholesome system structured by principles and protocols with the specific aim of preventing the Offences outlined by Decree 231 and of spreading an organizational culture based on legality, ethics, fairness and transparency.

: Azimut's Management and Organizational Model intends to achieve the following goals:

- to identify the areas that may be at risk of Offence commission through an in depth analysis of the activities carried out by the Company and of the existing protocols and controls, procedures and the authorization levels;

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<sup>2</sup> Paragraph added with the Model's update approved by Azimut's Board of Directors on 21st July 2016.

<sup>3</sup> Paragraph added with the Model's update approved by Azimut's Board of Directors on 27th July 2018.

- to provide for behavioural and procedural principles that guarantee the compliance with Decree 231 and prevent the commission of controlled Offences;
- to ensure the monitoring of the activities at risk of Offence and the prompt intervention in case of anomaly, in order to prevent the commission of the Offences;
- to adequately inform the Model's Recipients of the activities that involve a risk of Offence commission, by specifying that the commission, or the attempted commission of such Offence – even to the Company's interest or advantage – represents a violation of Azimut's Model and Ethical Code and constitutes an offence subject to penalties both on a criminal and administrative level, not only against the Offence perpetrator but also against Azimut;
- to outline the Supervisory Body' s composition while attributing to the same the tasks provided for by Decree 231 and empowering it in order to guarantee full and effective operational mode and independence;
- to provide for effective information and communication systems towards the Supervisory Body and by the same;
- to adopt a specific disciplinary system suitable for prosecuting and sanctioning the Organizational and Management Model's violations;
- to allow a continuous verification of the Model's functioning with subsequent periodical updating of the same;
- to spread an organizational culture based on legality, to promote sensibilisation activities, training and diffusion among all the Model's Recipients of the behavioural rules and the processes and internal procedures aimed at governing, preventing the commission of Offences and controlling the activities at risk, also through a suitable communication system, diffusion and training on the territory about the Model and the Ethical Code.

### 2.3 Model's control principles

The Organizational and Management Model adopts the following control principles:

- *"Each operation, transaction, action must be: verifiable, documented, consistent and congruous"*: for each and every operation, Azimut guarantees adequate documentary support allowing to proceed, in any moment, to carry out checks that validate the characteristics and reasons for the operation and that identify who has authorized, effected, recorded and verified the operation. In order to minimize the risk of destruction or loss, even if accidental, of data, access or treatment of the same weather not authorized or not allowed by the law, adequate security measures have been adopted, in line with the discipline provided for by legislative decree n.196 of 30 June 2003 (Code on Personal Data Protection);
- *"No one can autonomously manage an entire process"*: the Company guarantees that the observation of such principle through the application of the separation of tasks and functions principle according to which different persons and functions are responsible for authorizing an operation, for accounting for it, to implement it and/or control it. Furthermore, no one is vested with unlimited powers, the powers and responsibilities are defined and spread within the Company, and powers of authorization and of signature are consistent with the organizational responsibilities;
- *"Controls must be documented"*: the checks' system adopted by the Company is supported by adequate documentation related to the implementation of such controls and supervision, and also by an internal reporting system of violations.

### 2.4 Organizational and Management Model's structure

Azimut's Organizational and Management Model and the Ethical Code's structure are expressions of conduct rules and ethical and social values characterizing Azimut's behaviour, as well as of all the Group's companies, and form a single body of rules aimed at spreading an organizational culture based on legality, high moral standards, fairness, honesty and transparency.

Azimut's model is integrated by the body of control processes, protocols and procedures, even if not in written form within Azimut, including the delegation and powers system, as well as by the principles and provisions contained in the Ethical Code.

The Organizational and Management Model is composed by this "General Part", that outlines the contents of Decree 231, the Model's main characteristics and scopes, the role, composition and duties of the Supervisory Body, the disciplinary system, and also the communication modalities and formation of the Model itself, and by a "Special Part" that outlines the specific Offence types, the activities at risk and illustrates the behavioural and procedural principles aimed at preventing the commission of such Offences.

The General Part and the Special Part, together with the Ethical Code, are part of the Model.

## **2.5 The Model's arrangement**

The Model's arrangement was shared among all of Azimut's departments and departments heads in order to sensitize the same on the project's importance, and on the topics related to Decree 231.

The Company has preliminarily conducted an analysis of its organizational background, by identifying the areas and the Sensitive Activities and also the organizational functions within which the Offences could be committed (or attempted). Following this, the Offences that may be committed within the Company's internal and external operations have been outlined.

In line with the Decree's provisions, Confindustria's guidelines and with the suggestions borrowed from the Law, the Company has conducted a mapping of the risks related to the Offences (the so called "Risk Mapping") and in particular it has identified:

- the potential Offences associated to the Company's business;
- the greater areas of activities at risk of Offences and the related and more specific Sensitive Activities, that are those with respect of whom it is theoretically possible to commit Offences;
- the Company's functions involved with the identified activities;
- the possible modalities for the execution of the Offence or for the participation in the same;
- the risk degree associated with the identified Offences;
- the existing control methods, such as documents, protocols and procedures even if not written, ethical principles and behaviours associated with the identified offences and the possible suggestions for improvements and integrations.

As far as the Risk Mapping is concerned, Azimut's history, the Company's background, its field, the powers of attorney and proxies system and the Company's organizational chart have been taken into consideration among other issues.

In particular, with regards to the mapping of the company's at risk areas, the adequacy of the existing control system for preventing and identifying unlawful behaviours was analyzed. Specifically, the control systems adequacy was evaluated and the areas that need an implementation or an update in order to avoid the risk of Offences commission were identified.

For each of the Company's activities considered "sensitive" the degree of risk has been evaluated according to Azimut's internal control system's qualifying elements, from the existence of behavioural rules to the existence in place of monitoring and control activities.

## **2.6 Amendments and updates to the Model**

The Model has been adopted by Azimut's Board of Directors, which is also in charge of making amendments and integrations that may become needed or advisable, for example following the introduction of new provisions of law or changes in the

organizational structure and/or in the environment the company operates in.

The proposals of amendment and integrations to the Model may be submitted by the Supervisory Body to the Board of Directors, after having heard the competent company's functions.

All amendments and integrations as per the above shall be promptly received, following adjustments, where necessary, by the other Group's companies, whether controlled or connected, that have adopted the Model.

## **2.7 Adoption of the Model by the other Group companies**

The Model is shared with the other Group companies that shall care to adopt, via a specific resolution by the Board of Directors, their own management and organizational model as per Decree 231, compiled following this Model and according to the risk profiles related and applicable to the activities of such companies.

A copy of the Model adopted by each and every Group company and its subsequent amendments is to be shared by the Board of Directors of such company to Azimut's CEO and in any case to Azimut's Supervisory Body.

While adopting the model, the Board of Directors of the Group companies shall also proceed to appoint their own supervisory body.

## **3 THE SUPERVISORY BODY**

In line with Decree 231 provisions, the Company shall appoint a Supervisory Body, as an authority vested with autonomous powers of initiative and control, and with the task of supervising on the Model's effectiveness and adequacy as well as on its operation and compliance by its Recipients and of taking care of its updates.

In accordance to Decree 231, the Confindustria Guidelines and considered the dimensions and organizational structure of the Company, Azimut has opted for a multiple members and collegial composition of the Supervisory Body.

### **3.1 Appointment and composition of the Supervisory Body**

The Supervisory Body's members are appointed by the Board of Directors following appropriate checks on the existence of following requirements.

The Supervisory Body is composed by three members, within which at least two external to Azimut<sup>4</sup>, that can be re-elected and meet the requirement of autonomy, independence, continuity of action, professionalism and worthiness necessary to take charge.

As far as the autonomy and independence requirements are concerned:

- the Supervisory Body has powers of autonomous initiative in the carrying out of its inspections and control tasks;
- the Supervisory Body inspection and control activities are not subject to any form of interference and/or conditioning by Azimut's internal subjects or by its corporate bodies;
- the Supervisory Body must guarantee its autonomy with regards to any interference or conditioning by any subject linked or not to the Company;
- the Supervisory Body is in a hierarchic position as high as possible with direct information to the Board of Directors, and with the option of also referring directly to Auditors and Partners;

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<sup>4</sup> Paragraph modified with the Model's update approved by Azimut's Board of Directors on 21st July 2016.

- the Supervisory Body, while carrying out its functions, responds directly to the Board of Directors and the activities put in place by the Supervisory Body cannot be challenged by any other body or organizational structure;
- the Supervisory Body and its Members must not hold any decisional, operational, managerial role that may compromise the requirements of autonomy and independence or be involved in decisional and/or operational activities;
- the Supervisory Body Members must not find themselves in a position, even if potential, of conflict of interest with Azimut or any of the other Group societies;
- the Supervisory Body Members must not be related or married or have any other relationship up to fourth degree with the other company's bodies members, or with persons in a representative, administrative or directional role, or with persons that exercise -even de facto- Azimut's management and control and with the auditing firm;
- in case the Supervisory Body members are internal to the organization, they shall be placed in adequately high organizational ranking and, in any case, such that they do not get mistaken as employees of any executive organ;
- the Supervisory Body is equipped with adequate financial resources for the appropriate carrying out of its activities;
- The Supervisory Body's internal discipline is delegated to the same, such that it shall define – with express regulations – all the aspects related to its supervision function.

As far as the professionalism requisite is concerned:

- the Supervisory Body's members shall be nominated among the subjects with adequate skills in inspectional, consultancy activities and also with technical competences in law, economics, risk management and control matters;
- in order to know the structure and the mode of consummation of the Offences, the Supervisory Body may use the company's resources, and also external resources which are competent in the field of organizational management, auditing, accounting and finance and safety at the work place or other fields related to the Offence.

As far as the continuity of action requisite is concerned:

- the Supervisory Body commits to carrying out its activities in a continuous manner, defining within its regulations aspects related to continuity of action, such as the activities' and controls' scheduling, the verbalization of meetings and the management of information flows;
- the Supervisory Body commits to ensure the effectiveness of all activities put into place, and also traceability and storage of all documents related to the activities undertaken (through, for example, the meetings' verbalization, information and periodical reports).i

As far as the worthiness requisite is concerned:

- having suffered a conviction or application of penalty upon request, even if not final, in Italy or abroad, with regards to one or more of the Offences as per Decree 231, or the conviction, even if not definitive, to a sentence that involves disqualification, even if temporary, from public offices or the temporary disqualification from the legal entity's management office, represents reason for ineligibility and incompatibility to the position.

The Board of Directors shall evaluate the permanence of such requisites and operational conditions of the Supervisory Body.

At the time of appointment of the Supervisory Body, the Board of Directors shall elect the President. Where the number of Members of the Supervisory Body is determined to be less than the maximum number foreseen, the Board of Directors may increase the number of members during the permanence in charge of the Supervisory Body itself; the new members so appointed shall expire from office together with the ones appointed at the time of the appointment.

### **3.2 Duration and termination of office**

The Supervisory Body remains in office for the duration of 3 exercises.

At expiration of office the Supervisory Body shall continue to carry out its functions until the appointment of the new Supervisory Body by the Board of Directors. The termination of office shall otherwise occur by renunciation, decline, repeal or death.

The Supervisory Body's members shall resign at any time, by written communication to the Board of Directors and to the Supervisory Body itself, so that they shall provide for their timely replacement.

The Supervisory Body's members shall lapse from office before the expiry of their term, in case the requisites to be in office cease to exist. The members of the Supervisory Body must communicate to the Board of Directors the loss of requisites required to carry out their function.

The Supervisory Body's members may be revoked by legitimate cause, through a resolution by the Board of Directors, after consulting with the Board of Auditors.

If a member is internal to the Company, should the employment relationship between the Supervisory Body member and Azimut be terminated, this normally involves his/her removal from office.

The removal from office of a Supervisory Body member may be requested to the Board of Directors or to the Supervisory Body itself, by stating the reasons for the request..

In case of renunciation, decadence, disqualification and death, the Board of Directors shall provide for the replacement of the Supervisory Body member who ceased to hold office, after consulting with the Auditors' Board. The Supervisory Body members so appointed remain in office for the whole of the remaining duration of the Supervisory Body. However, in case certain conditions are met and following adequate evaluation, the Board of Directors may decide not to replace the subject resigning/revoked or, in any case, who ceased to hold office and to reduce the number of Members of the Supervisory Body, however respecting the minimum number demanded for the composition of the Supervisory Body.

### **3.3 The Supervisory Body's functions, activities and powers**

In order to guarantee the functioning and the compliance to the Organizational and Management Model, the Supervisory Body is vested with all the necessary powers to perform its tasks and in particular to:

- watch over the Model's functioning and effectiveness, in order to ensure the consistency between actual behaviours and behavioural principles provided for in the Model and the Ethical Code;
- examine the Model's adequacy, i.e. verifying that the same is effectively adequate to prevent, inhibit and protect from the forbidden behaviours;
- watch over the compliance and effective implementation of the Organizational and Management Model, and also of the behavioural and procedural principles thereby provided for, by verifying the consistency of the adopted behaviours with the Organizational and Management Model's provisions and by highlighting the possible deviations and/or violations;
- take care of dynamically updating the Model's and the Risk Mapping, with the collaboration of the company's functions involved;

- examine and verify all of the above and particularly the soundness and functionality of the Organizational and Management Model and, where necessary, formulate proposals for adjustment and updating of the same to the company's functions involved and to the Board of Directors;
- verify the actual implementation of the formulated proposals and their functionality;
- monitor and, together with the company's functions in charge, promote initiatives for the circulation, knowledge and understanding of the Organizational and Management Model;
- arrange for the necessary documentation for the actual implementation of the Model, including where necessary the instructions, clarifications or updates;
- request for information or documents regarding the Sensitive Activities, where necessary, to all the Model's Recipients;
- make use of all the company's functions and also of the external consultants, to obtain the best monitoring of the activities in the areas at risk of Offence. To this purpose, the Supervisory Body shall be constantly kept informed of the evolution of activities in the at risk areas and it shall have free access to all the relevant company documentation available at the various company's functions;
- coordinate with company's functions involved as far as the various aspects related to the Organizational and Management Model implementation, including the acquaintance with and observance of the procedures, staff training and disciplinary measures;
- activate control procedures provided for each area at risk of Offence;
- undertake periodical inspection activities with the aid of company's functions within the areas at risk, in order to verify the effective observance of the procedures and other existing control systems;
- conduct internal investigations aimed at confirming alleged violations of the Organizational and Management Model's provisions;
- receive reports with regards to possible critical issues in the Model, violations of the same and/or any other situation that may put the Company at risk of Offence;
- collect, process and store (in an updated archive) the documentation relevant to the activities undertaken and in particular the information collected during the supervision activities, the documentation attesting the meetings with the Company's bodies to which the Supervisory Body reports to;
- provide recommendations to the functions in charge of issuing new procedures and of the adoption of other organizational measures and for the modification of procedures and measures already in place;
- timely notify to the Board of Directors, for the sake of appropriate action, the confirmed violations to the Organizational and Management Model that may involve the rise of a new liability of the Company as per Decree 231.

Due to the nature of the supervisory functions attributed to the Supervisory Body, this determines its own budget for the year which shall be then be submitted for approval to the Board of Directors. The Supervisory Body may make use –under its direct supervision and responsibility- of the Company's internal structures and, if needed, of external consultants.

The Supervisory Body is expected to refer the outcome of its activities, in a continuous manner, to the CEO and periodically to the Board of Directors and the Board of Auditors.

The Supervisory Body shall prepare, at least every six months, an informative report addressed to the Board of Directors that highlights:

- the activity undertaken during the relevant period and the results of the verifications and checks;
- the received reports regarding possible violations of the Model and the outcome of the verification of such reports;
- any activated disciplinary measures and also any applied sanction;
- performance evaluation of the Organizational and Management Model within Azimut;
- expenses incurred within its functions.

Such reports shall be shared with the Board of Auditors.

The Supervisory Body shall prepare its own internal code, that regulates the main aspects and modalities with regards to the execution of its functions, such as the determination of controls time frame, the individuation of criteria and procedures for analysis and verification.

As far as the meetings' schedule is concerned, the code shall provide for the Supervisory Body to meet at least three times a year, and in any case, at any such time this is deemed necessary to the the carrying out of the tasks hereby described.

### **3.4 Information flows and reports of possible violations<sup>5</sup>**

The Supervisory Body shall have free access to all of Azimut's functions, without any prior consent, in order to acquire any information or data that may be required for the carrying out of its tasks as per Decree 231.

The Company's functions at risk of Offence are expected to share with the Supervisory Body the periodical results of the control activities put in place by them in order to implement the Organizational and Management Model, and also to report any possible anomalous or atypical element found within the available information.

By way of exemple, the Employees and the corporate bodies members are demanded to share with the Supervisory Body the information regarding:

- the provisions and/or information originating from a police judicial organ or any other Authority, from which the progress of the investigation for offences listed in Decree 231 even if against persons unknown, may be deduced;
- the requests of legal assistance forwarded by Employees that are being investigated by the judicial authority for Offences as per Decree 231;
- the commissions of inquiry or internal reports from which liabilities for Offences as per Decree 231 may arise;
- the information regarding the Organizational and Management Model's effective implementation on all organizational levels, including evidence about the disciplinary measures applied and of any sanctions imposed, or the provisions for setting aside such measures with related motivations;
- the outcome of any preventive or subsequent inspection that may have been undertaken within the reference period on the grant to market operators who have won local or international bids or through private negotiation;
- the outcomes of monitoring and inspection already undertaken during the reference period on the orders acquired by public entities or subjects carrying out public utilities functions;
- the decisions regarding the request, supply and use of any possible public founding.

The Supervisory Body shall also receive copy of the periodical reports on health and safety at the workplace.

All information should be delivered to the Supervisory Body via reserved internal e-mail to the following address: odv@azimutbenettigroup.com, or via traditional mail to the address: Organismo di Vigilanza, Azimut Benetti Spa, Via Michele Coppino 104, 55049, Viareggio (LU) – Italia.

### **3.5 Whistleblowing<sup>6</sup>**

All of the Model's Recipients intending to whistleblow to the Supervisory Body any information regarding the commitment or presumed commitment of Offences or the violation or presumed violation of the Model and/or of the Code of Ethics shall apply the "Whistleblowing Procedure". Once received the whistleblowing, the Supervisory Body takes action according to the

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<sup>5</sup> Chapter modified with the Model's update approved by Azimut's Board of Directors on 27<sup>th</sup> July 2018.

<sup>6</sup> Chapter added with the Model's update approved by Azimut's Board of Directors on 27<sup>th</sup> July 2018.



said procedure.

All discriminatory and retaliation treatments towards whistleblower for reasons directly or indirectly connected to the whistleblowing are prohibited.

The adoption of discriminatory measures against whistleblowers as per art. 6.2 *bis* of Decree may be denounced by whistleblower and his trade union to National Labour Inspectorate Committee which will activate according to its jurisdiction.

Any discriminatory or retaliation dismissal is to be considered nul. Any job modification, as per art. 2103 of Italian Civil Code, or any other discriminatory and retaliation measure adopted towards whistleblower, as specified in art. 5.7 of the Model, is also nul.

### **3.6 Relationship between the Supervisory Body and the other Group companies**

Azimut's Supervisory Body, while respecting the autonomy and independence of the other Group companies and the limits imposed by the applicable laws, has a duty of:

- promoting the communication, circulation and knowledge of the Model by the other Group companies and of the methodology and implementation tools of the same;
- initiating and boosting the coordination among verification and implementation activities of the Model;
- proposing, on the base of the above mentioned verifications, the Model's update where a need for this is found;
- assiting the other Group companies' Supervisory Bodies in the definition of particular control actions in the areas of activity at risk of Offence, being understood that the primary task of each company' s Supervisory Body is to control the activities of the companies themselves.

The other Group companies Supervisory Bodies must hand over any information required and/or deemed necessary when requested by Azimut's Supervisory Body or when events or circumstances that may be relevant to the Supervisory Body's activities occur.

## **4 IMPLEMENTATION, COMMUNICATION AND TRAINING SCOPE**

Azimut recognizes the importance of disseminating and communicating the Organizational and Management Model, and also of training the Employees in order to ensure the appropriate and effective implementation of the Model. The Company commits to share the Organizational and Management Model and its guiding principles through the most appropriate means.

The Model, the Ethical Code and also the application protocols are made available to the Employees and can be accessed either in softcopy, including the Company's *intranet* or hardcopy.

All of the Model's recipients are requested to learn its contents, to abide to it and to contribute to its effective implementation.

In order to guarantee the Organizational and Management Model' s proper functioning, the communication of the same to the Recipients shall be diffuse, efficient, authoritative, clear and detailed, and also periodically reiterated.

The Model's dissemination, communication and training activities towards the Employees provide for the undertaking of compulsory training projects modulated in relation to the organizational functions involved and to the interested personnel and according to the activity and the position held, also taking into consideration the processes and the activities at risk of Offence.

The trainings organized for the Employees have mandatory attendance and are undertaken periodically. The training activity occurs via class sessions and *e-learning* courses. The Employees will be examined at an intermediate and final stage to

confirm the training's contents level of knowledge acquired. A monitoring system to verify the effective fruition by the Employees with possible corrective intervention in case of abnormal behaviour is provided for. Attendance and content quality checks and also a systematic update of the training events in relation to the Model's updates are provided for.

The training programs on the subject of liability as per Decree 231 and on the Model's contents are overseen by the Supervisory Body that may get operational support by the relevant organizational functions or external consultants if required.

## 5. INTEGRATION PROPOSAL SUBMITTED BY THE HUMAN RESOURCES DEPARTMENT

### 5.1 The scope of the disciplinary system

Azimut, in order to effectively implement the Model and the Ethical Code, has adopted an adequate penalty system applicable towards the Model's recipients (in compliance with article 6, 2nd comma, letter e) of Decree 231).

In particular, Confindustria's guidelines specify that the exercise of the disciplinary power should conform to the proportional principle, i.e. that the penalty should be commensurate to the severity of the contested act and to the cross examination principle, that is to say that the subject involved must be offered the chance of furnishing justifications to defend his/her behaviour.

The activation of the penalty mechanism in case of non compliance with the measures provided by the Model and the Ethical Code, prescinds from any possible establishment of criminal procedures for the Offence that may have been committed.

The disciplinary system, by operating as an internal guard for the Company, has an essentially preventive function because it completes and makes the Model effective in order to avoid that Offences are committed instead of repressing them when they have already been committed.

Azimut condemns any behaviour that is illicit, illegal or violating the Organizational and Management Model and the Ethical Code, even if undertaken in the interest or to the advantage of the Company.

The disciplinary system intends to operate while respecting the current regulations including, where applicable, those provided for during collective bargaining and it has a prominently internal nature, as it cannot replace, only add onto the current laws and regulations.

The application of the disciplinary system is unrelated to the trial's course and its outcome if one has been started by the relevant Authority.

The Supervisory Body shall monitor, together with the Human Resources Office, the application of the disciplinary measures. The provisions included into the disciplinary system do not preclude the recipients' faculty to exercise all the rights recognized to them by laws and regulations or collective bargaining or the Company's regulations, included rights of objection or opposition within the disciplinary process.

The said disciplinary system apart from being handed over in softcopy or via other electronic means to the subjects listed in the following paragraphs, and also apart from being published on *internet* or the Company's *intranet* sites, shall be posted at the Company's premises in a visible manner, in order to guarantee full awareness by all Recipients and, in particular, by the Employees.

### 5.2 Penalty system targeting the Employees

While maintaining what is provided by Article 7, Law n. 399 of 1970 (from now on, "**the Workers' Statute**") and articles 52, 53, 54 of the national collective agreement for the rubber, plastics, electric cables and similar industry workers (from now on, the "**NCA Rubber and Plastic Industry**") applied to the branches of Avigliana, Savona, Varazze, Fano and Articles 7,8,9,10,

11 and Section IV, Title VII of the national collective agreement for the private engineering workers (from now on, the “**NCA Engineering Industry**”) applied to the branches of Viareggio and Livorno, the violation of the Model and of the Ethical Code, as well of the procedures and implementing Protocols and of other regulatory, contractual (both individual and collective) and organizational provisions (from now on “**Other Relevant Provisions**”), involves the application of the following disciplinary measures, that shall be adopted by the Company in proportion to the fault's severity and to the circumstances that go with it.

In particular, the disciplinary sanctions provided for by the NCA's applied are the following:

- verbal warning;
- written warning;
- fine not exceeding the amount equivalent to 3 hours of paid work as determined by article 19 of NCA Plastic and Rubber Industry and as per article 3, section IV. Title IV of NVA Engineering Industry;
- suspension from work and retribution up to a maximum of 3 days;
- disciplinary dismissal without warning and other consequences (provided by reason and law).

#### Verbal Warning

The disciplinary measure of verbal warning shall be adopted for the mild violations to the Model, Ethical Code and/or Other Relevant Provisions.

#### Written warning

The disciplinary measure of written warning shall be adopted in case of relapse of the mild violations to the Model, Ethical Code and/or Other Relevant Provisions.

#### Fine

The disciplinary measure of the fine shall be adopted against an Employee who engages in acts listed below.

For the workers to whom the NCA Rubber and Plastics Industry is applicable to, in the cases where the worker:

- does not report to work as foreseen in art. 50 or leaves his/her work station without justification;
- delays the start of works or suspends it, or anticipates its cessation without prior informing the supervisor or without justification;
- does his/her job carelessly; by this meaning mild violations to the Model, Ethical Code, and/or Other Relevant Provisions, such as actions or behaviour not fully compliant with the Model, Ethical Code or Other Relevant Provisions' dispositions, or the partial omission of acts or behaviours listed by the Model, or by the Ethical Code and/or Other Relevant Provisions, as long as such conduct (i) does not expose Azimut to an objective situation at risk of committing an Offence and/or (ii) it is not directed to the commission of one or more Offences and/or (iii) it is not such to determine the application of penalties as per Decree 231 against Azimut and/or (iv) it is not such to determine a damage to the image and good will of the Company;
- does not respect the smoking ban, expressly signaled with special sign, where technical and safety reasons demand such ban;
- builds, within the premises, objects for personal use, with mild damage to the company;
- as a consequence of carelessness, causes not serious damages or wastage of the Company's material; he/she does not inform promptly the supervisor of any possible breakdown or anomaly in the machinery or the progress of work;

- applies minor diligence in the use and storage of company's equipment and tools in use to the worker and to his department<sup>7</sup>;
- illicitly marks or stamps record cards or amends any company system used for control or to check attendance;
- in any way he/ she breaks the rules of this contract, of its internal regulations or commits misconduct that brings serious harm to discipline, ethics and hygiene;
- He/she is found in apparent state of drunkenness.

For the worker to whom the NCA Engineering Industry is applicable to, in case the worker:

- does not report to work or leaves his/her work station without just cause or does not justify his/her absence within one day from the start of absence unless a justifiable impediment is proven;
- without justification he/she starts late work or suspends it or anticipates its cessation;
- commits mild insubordination towards the supervisors;
- undertakes carelessly or with conscious slowness the work assigned to him/her; by this meaning not serious violations to the Model, Ethical Code, and/or Other Relevant Provisions, such as actions or behaviour not fully compliant with the Models, Ethical Code or Other Relevant Provisions' dispositions, or the partial omission of acts or behaviours listed by the Model, or by the Ethical Code and/or Other Relevant Provisions, as long as such conduct (i) does not expose Azimut to an objective situation at risk of committing an Offence and/or (ii) it is not directed to the commission of one or more Offences and/or (iii) it is not such to determine the application of penalties ad per Decree 231 by Azimut and/or (iv) it is not such to determine a damage to the image and good will of the Company;
- due to carelessness or negligence damages the premises' materials or the materials being processed;
- he/she is found in a state of clear drunkenness, during working hours;
- undertakes work attributable to the company outside the premises and on behalf of third parties;
- does not comply with the smoking ban, where this is applicable and has been signaled with special signs;
- undertakes within the company's premises light works on his/her on behalf or on behalf of third parties, outside working hours and without using the company's materials, but by using the company's machinery;
- he/she is in breach of the CNA applicable in any other way or commits any act that may lead to damage to the discipline, ethics, hygiene and safety.

#### Suspension from retribution and service

The disciplinary measure of suspension from retribution and service shall be adopted against the Employee that puts in place the same conduct listed for the fine sanction but in a more serious manner.

#### Disciplinary dismissal

The disciplinary measure of dismissal shall be adopted against the Employee that puts in place the violations below listed.

For the workers for which the CNA Rubber and Plastics Industry is applicable, immediate dismissal can be inflicted, with loss of indemnity of notice, to the worker that commits serious infractions to the discipline or work diligence or that causes grave moral or material harm to the Company, or that undertakes criminal actions linked to the work relationship. As an example, the following infractions fall under this category:

- unwarranted absence lasting longer than 5 consecutive days or absences repeated for five times in a year on days following festivities or holidays;
- relapse on the smoking ban on which point d) of article 53, as long as the infringement does not represent severe liable cause to the verification of accidents;

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<sup>7</sup> Paragraph introduced with the Model's update approved by Azimut's Board of Directors on 10<sup>th</sup> February 2017 and in force from that date.

- non compliance with the smoking ban when such infringement is seriously liable because susceptible of provoking accidents to the persons, plants and materials;
- conviction to a custodial sentence imposed to the worker, with final judgement pronounced even as per article 444 of the Criminal Code of Procedure, for acts committed not in connection with the work relationship;
- abandonment of the work place that undermines the people's and the plants' safety, or undertaking of any action that may lead to the same prejudice;
- serious damage to the company's materials caused by negligence;
- theft or voluntary damage of the company's materials;
- theft of cards, drawings and machinery, tools or any information material on patents and process manufacturing;
- altercation followed by assault occurred with the premises and that brings serious disruption to the company's activities;
- building within the company's premises of projects for personal or third party uses, with damage to the company;
- relapse to negligence that, due to inattention, causes not severe damages or wastage of company's materials; he/she does not inform promptly the direct supervisors of any possible breakdown to the machinery or any possible anomaly in the carrying out of works;
- negligence in complying with the contract and internal regulation duties, when disciplinary measures of fine and suspension have already been applied;
- severe violation of due diligence duties by the worker described in article 51 of CNA Rubber and Plastics Industries, and referring specifically to the following:
- implementation of act or behaviours that do not comply with the Model, Ethical Code and/or Other Relevant Provisions' prescriptions, or the omission of acts or behaviours prescribed by the Model, Ethical Code and/or Other Relevant Provisions; non compliance with the Model, Ethical Code and/or Other Relevant Provisions including duty of information to the Supervisory Body listed by the Model, that (i) exposes Azimut to an objective situation at risk of committing an Offence and/or (ii) is uniquely directed to the commission of one or more Offences and/or (iii) is such to determine the application of penalties ad per Decree 231 by Azimut and/or (iv) is such to determine a damage to the image and good will of the Company;
- recidivism in minor diligence in the use, storage or missed custody of company's tools and equipment given in use to the worker or his department<sup>8</sup>.

To the workers to which the NCA Engineering Industry is applicable to, the disciplinary dismissal can be inflicted with indemnity of notice in case the worker commits:

- insubordination to supervisors;
- sensitive and culpable damage to the premises' materials or the processing materials;
- unauthorized execution of works within the premises on his/her own behalf or third parties' behalf, with mild consequences and without use of the company's materials;
- brawl within the premises but outside the machining departments;
- abandonment of the workplace by the personnel to whom specific supervision, storage, control tasks were given excluding the cases that imply dismissal without notice;
- unwarranted absences lasting more than 4 consecutive days or absences repeated more than three times a year on a day following festivities or holidays;
- detention imposed to the worker with final judgement for an act committed not in connection with the work relationship, that damages the moral image of the worker;
- relapse in any of the violations listed for the milder measures, when these two suspensions have been imposed, unless more than two years have passed from the imposition;

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<sup>8</sup> Paragraph introduced with the Model's update approved by Azimut's Board of Directors on 10<sup>th</sup> February 2017 and in force from that date.

without notice in case the worker causes great moral or material damage to the Company or he/she has taken actions connected with his/her work relationship that represent a crime according to the law. As an example the offences below are included:

- gross insubordination to the supervisors;
  - theft within the premises;
  - theft of drafts or drawings of machinery, tools or other objects or company documents;
  - voluntary damage to the company's materials or the processing material;
  - abandonment of work place from which a danger to the persons or plant safety may arise or any actions that lead to the same dangers;
  - smoking where this can provoke danger to the safety of persons and of the plant;
  - execution of non authorized works within the premises for him/herself or on behalf of third parties, not of mild entity and/or by using the company's materials;
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- brawl within the machining department;
  - gross violation of the worker's due diligence as per article 1, Section IV, Title, VII of CNA Engineering Industry, meaning by this the following: undertaking actions or displaying behaviours non compliant with the Model's, the Ethical Code and/or any Other Relevant Provisions dispositions, or omission of actions and behaviours prescribed by the Model, Ethical Code and/or any Other Relevant Provisions;
  - non compliance with the Model, Ethical Code and/or any Other Relevant Provisions, including the duty of information to the Supervisory Body foreseen by the Model, that (i) puts Azimut in a situation of objective risk of committing one of the Offences, and/or (ii) is directed uniquely to the commission of one or more Offences or integrates them and/or (iii) is such to determine a damage to the image and good will of the Company.

Once the disciplinary measure is no longer challengeable by the Employee via the procedure provided by article 4 of the Workers' Statute or via the procedure provided by the CNA, or any time there is a filing of a disciplinary measure, the Humans Resources Manager shall communicate the sanction's imposition together with its motivations to the Supervisory Body.

### **5.3. Measures against the management**

Upon receiving information of a violation to the Model, or of the inadequate supervision and/or lack of timely reporting to the relevant body with regards to the violations committed by the Employees, the Company shall implement towards the author of the censored behaviour what is provided for by the applicable law and contract, including temporary suspension and, in case of more serious violations, the removal or revocation from the position in the Company of the interested party. If the violation to the Model is such to have damaged the trust in the work relationship, the sanction shall be aimed to rightful termination.

### **5.4. Measures against the corporate bodies' members.**

With reference to the corporate bodies members:

- actions or behaviours not compliant to the Ethical Code and/or Model and/or Other Relevant Provisions, or the omission of actions or behaviours provided for in the Model, Ethical Code and/or Other Relevant Provisions; and also:
- the non compliance with the Model, Ethical Code and/or any Other Relevant Provisions, including the duty of information to the Supervisory Body that (i) puts Azimut in a situation of objective risk of committing one of the Offences, and/or (ii) is directed uniquely to the commission of one or more Offences or integrates them and/or (iii) it is such to determine the application of measures provided for by Decree 231 against Azimut

shall constitute right cause for revocation as per articles 2383, 3rd comma (as far as the administrators are concerned) and 2400, 2nd comma (as far as the Auditors are concerned) of the Civil Code.

From the procedure point of view:

- where one or more members of the Board of Directors commit one of the above described violations, the Supervisory Body shall communicate to the Board of Auditors, the Chairman of the Board of Directors and to the CEO the information about the violation committed by one or more of the Members of the Board of Directors. The Board of Directors, with the exclusion of the member involved, shall proceed to the necessary investigations and, after consulting with the Board of Auditors, take the adequate measures that may include the revocation of delegated powers and also the convening of the Shareholders Meeting in order to possibly arrange for the revocation as per article 2383, 3rd comma, of the Civil Code;
- where one or more members of the Board of Auditors commit one of the above described violations, as such applicable, the Supervisory Body shall communicate to the Chairman of the Board of Directors and to the CEO the information about the committed violation by one or more Members of the Board of Auditors. The Board of Directors shall convene the Shareholders Meeting as a matter of urgency in order to arrange for the possible revocation as per article 2400, 2nd comma, of the Civil Code.

#### **5.5. Measures against the revisors**

Upon the information of violation of the Organizational and Management Model (where applicable) by the revisors, the Supervisory Body shall promptly inform the Board of Directors and the Board of Auditors in order to adopt the relevant actions such as, for example, the convocation of the Shareholders Meeting in order to adopt adequate measures.

#### **5.6. Measures against External Consultants**

Taken into consideration the circumstances of the case, in case of non compliance and/or violation of the Ethical Code, Organizational and Management Model by the External Consultants, Azimut may invoke the breach of the contractual obligations, all the way to call for the termination of contract; in any case the Company shall be legally in a position to request the compensation for damages, as it is foreseen in the specific contract clauses relevant to Decree 231.

#### **5.7. System of Sanctions as per Whistleblowing Law<sup>9</sup>**

Law 179/2017 impose sanctions as part par. 5.2 and ss of the Model against who:

- violates the prohibition to put in place discriminatory and retaliation acts towards the whistleblower for reasons directly or indirectly connected to the whistleblowing;
- performs ungrounded whistleblowing either willfully or as a result of gross negligence.

The adoption of discriminatory measures against whistleblowers as per art. 6.2 bis of Decree may be denounced by whistleblower and his trade union to National Labour Inspectorate Committee which will activate according to its jurisdiction.

Any discriminatory or retaliation dismissal is to be considered nul. Any job modification, as per art. 2103 of Italian Civil Code, or any other discriminatory and retaliation measure adopted towards whistleblower, as specified in art. 5.7 of the Model, is also nul. Should disputes arose from the imposition towards the whistleblower of disciplinary sanctions or job diminutions, dismissals, transfer or any other organizational measure having direct or indirect negative effects on his

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<sup>9</sup> Chapter added with the Model's update approved by Azimut's Board of Directors on 27th July 2018.

working conditions, the Company, in its quality of employer, shall be bound to demonstrate that the above measures are based onto reasons not connected with the whistleblowing itself.