

PRE GEL S.P.A.

ORGANISATION, MANAGEMENT AND CONTROL MODEL (LEGISLATIVE DECREE NO. 231/2001)

GENERAL PART

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- SPECIAL SECTION M - Crimes relating to Industry and Commerce
- SPECIAL SECTION N - Tax Offences

SPECIAL PART O - Contraband Offences

DOCUMENT REVISIONS

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01/06/2017	Adoption of the Organisation, Management and Control Model of PRE GEL S.p.A.
14/11/2018	Update of the Organisation, Management and Control Model of PRE GEL S.p.A.
11/03/2021	<p>Update of the Organisation, Management and Control Model of PRE GEL S.p.A., with reference to:</p> <ul style="list-style-type: none"> • GENERAL PART • SPECIAL SECTION A - Offences in dealings with the P.A. • SPECIAL SECTION B - Health and safety at work offences • SPECIAL SECTION C - Environmental Offences • CODE OF ETHICS
02/05/2023	<p>Update of the Model with reference to the following parts:</p> <ul style="list-style-type: none"> - GENERAL PART - SPECIAL SECTION A - Crimes against the P.A. (purely formal update) - SPECIAL SECTION D - Corporate Offences - SPECIAL SECTION E - Anti-Money Laundering Offences - SPECIAL SECTION F - Computer Crimes and Unlawful Data Processing - SPECIAL SECTION G - Offences concerning the Employment

	<p>of third-country nationals whose stay is illegal</p> <ul style="list-style-type: none"> - SPECIAL SECTION H - Offences concerning Copyright infringement <p>Implementation of the Model from scratch with reference to the following Special Parts:</p> <ul style="list-style-type: none"> - SPECIAL SECTION I - Crimes against the Individual - SPECIAL SECTION L - Crime of inducement not to make statements or to make false statements to the Judicial Authorities - SPECIAL SECTION M - Crimes relating to Industry and Commerce - SPECIAL SECTION N - Tax Offences - SPECIAL PART O - Contraband Offences
<p>01/08/2023</p>	<p>Update of the Model with reference to the following parts:</p> <ul style="list-style-type: none"> - GENERAL PART - GENERAL PART - ANNEX 1 - Code of Ethics - GENERAL PART - ANNEX 3 - Statute of the Supervisory Board - GENERAL PART - ANNEX 4 - Whistleblowing Procedure - SPECIAL SECTION M - Crimes relating to Industry and Commerce (purely formal update) - SPECIAL PART O - Contraband Offences (correction of a mere clerical error)

CHAPTER 1

1. DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1. Introduction

Legislative Decree No. 231 of 8 June 2001 (hereinafter referred to as 'Legislative Decree 231/2001'), implementing the delegation conferred on the Government by Article 11 of Law No. 300 of 29 September 2000,¹ established rules on the '*liability of entities for administrative offences resulting from a crime*'.

In particular, these rules apply to entities with legal personality and to companies and associations, including those without legal personality.

Legislative Decree 231/2001 finds its primary origins in a number of international and EU conventions ratified by Italy, which require forms of liability of collective entities for certain types of offences.

According to the rules introduced by Legislative Decree 231/2001, in fact, companies can be held 'liable' for certain offences committed or attempted, in the interest or to the advantage of the company itself, by members of the company's senior management (so-called 'top management' or simply 'senior persons') and by those who are subject to the management or supervision of the latter (Article 5(1) of Legislative Decree 231/2001).

The administrative liability of companies is independent of the criminal liability of the natural person who has committed the offence, and stands alongside the latter.

This broadening of liability essentially aims to involve in the punishment of certain offences the assets of companies and, ultimately, the economic interests of shareholders who, until the entry into force of the decree under review, did not suffer direct consequences from the perpetration of offences committed, in the interest or to the advantage of their company, by directors and/or employees.

Legislative Decree No. 231/2001 innovates the Italian legal system in that companies are now directly and independently subject to sanctions of both a pecuniary and disqualifying nature in relation to offences ascribed to persons functionally linked to the company pursuant to Article 5 of the decree.

The company's administrative liability is, however, excluded if the company has, among other things, adopted and effectively implemented, before the offences were committed, organisational, management and control models suitable for preventing the offences themselves; these models may be adopted on the basis of codes of conduct (guidelines) drawn up by associations representing companies, including *Confindustria*, and communicated to the Ministry of Justice.

¹ Legislative Decree 231/2001 was published in the Official Gazette of 19 June 2001, No. 140; Law 300/2000 in the Official Gazette of 25 October 2000, No. 250.

The administrative liability of the company is, in any case, excluded if the senior persons and/or their subordinates have acted exclusively in their own interest or in the interest of third parties.

1.2. Nature of liability

With reference to the nature of administrative liability pursuant to Legislative Decree 231/2001, the illustrative report on the decree emphasises the *'birth of a tertium genus that combines the essential features of the criminal and administrative systems in an attempt to reconcile the reasons of preventive effectiveness with those, even more inescapable, of maximum guarantee'*.

Legislative Decree 231/2001 has, in fact, introduced into our legal system a form of corporate liability of an 'administrative' nature - in compliance with the dictates of Article 27 of our Constitution - but with numerous points of contact with 'criminal' liability.

In this respect, see - among the most significant - Articles 2, 8 and 34 of Legislative Decree 231/2001, where the first reaffirms the principle of legality typical of criminal law; the second affirms the autonomy of the entity's liability with respect to the liability of the natural person responsible for the criminal conduct; the third provides for the circumstance that such liability, dependent on the commission of a crime, is ascertained in criminal proceedings and is therefore assisted by the guarantees of criminal proceedings. The afflictive nature of the sanctions applicable to the company should also be considered.

1.3. Perpetrators of the offence: persons in senior positions and persons subject to the direction of others

As mentioned above, under Legislative Decree 231/2001, the company is liable for offences committed in its interest or to its advantage:

- by *'persons who hold positions of representation, administration or management of the entity or of one of its organisational units with financial and functional autonomy, as well as by persons who exercise, also de facto, the management and control of the entity itself'* (the aforementioned 'top-management' or 'senior' persons; Article 5(1)(a) of Legislative Decree No. 231/2001);
- by persons subject to the direction or supervision of one of the senior persons (so-called persons subject to the direction of others; Article 5(1)(b) of Legislative Decree 231/2001).

It is worth reiterating that the company is not liable, by express legislative provision (Article 5(2) of Legislative Decree No. 231/2001), if the above-mentioned persons have acted exclusively in their own interest or in the interest of third parties.

1.4. Offences

Under Legislative Decree No. 231/2001, the entity can be held liable only for the offences expressly referred to in Articles 24 to 25 *septiesdecies* of Legislative Decree No. 231/2001, and for the other offences referred to therein, if committed in its interest or to its advantage by the persons qualified as per Article 5(1) of the Decree itself or in the case of specific legal provisions referring to the Decree, as in the case of Article 10 of Law No. 146/2006.

For the sake of ease of exposition, they can be included in the following categories:

- A. Offences committed in dealings with the Public Administration (Articles 24 and 25);
- B. Computer crimes and unlawful data processing (Article 24-*bis*);
- C. Organised crime offences (Article 24-*ter*);
- D. Offences of counterfeiting money, public credit cards, revenue stamps and identification instruments or signs (Article 25-*bis*);
- E. Crimes against industry and trade (Article 25-*bis*.1);
- F. Corporate offences, including the offence of bribery among private individuals and incitement to bribery among private individuals (Article 25-*ter*);
- G. Crimes for the purpose of terrorism or subversion of the democratic order (Article 25-*quater*);
- H. Practices of female genital mutilation (Article 25-*quater*.1);
- I. Crimes against the individual (Article 25-*quinquies*);
- J. Market abuse (Article 25-*sexies*);
- K. Manslaughter and grievous or very grievous bodily harm committed in breach of the rules on health and safety at work (Article 25-*septies*);
- L. Receiving, laundering and using money, goods or benefits of unlawful origin as well as self-laundering (Article 25-*octies*);
- M. Offences relating to non-cash means of payment (Article 25-*octies*.1);
- N. Copyright infringement offences (Article 25-*novies*);
- O. Inducement not to make statements or to make false statements to the judicial authorities (Article 25-*decies*);

- P. Environmental offences (Article 25-undecies);
- Q. Crimes relating to the employment of third-country nationals whose stay is illegal and crimes relating to illegal immigration (Article 25-duodecies);
- R. Crimes of racism and xenophobia (Article 25-terdecies);
- S. Fraud in sporting competitions, unlawful gaming or betting and gambling by means of prohibited devices (Article 25-quaterdecies);
- T. Tax offences (Article 25-quinquiesdecies);
- U. Transnational offences (Article 10, Law 146/2006);
- V. Contraband (Article 25-sexiesdecies);
- W. Crimes against cultural heritage and Money Laundering (Articles 25-septiesdecies and 25-duodevices).

The categories listed above are destined to increase further, also in compliance with international and EU obligations.

As far as PRE GEL S.p.A. is concerned, a number of offences falling into the categories were considered potentially relevant: A-B-D-E-F-I-K-L-N-O-P-Q-T-V.

1.5. System of sanctions

Articles 9-23 of Legislative Decree 231/2001 provide for the following sanctions against the company as a consequence of the commission or attempted commission of the offences mentioned above:

- fine (and precautionary seizure) ranging from a minimum of EUR 25,822.00 to a maximum of EUR 1,549,370.00;
- disqualification sanctions (also applicable as a precautionary measure) of a duration of no less than three months and no more than two years (with the clarification that, pursuant to Article 14(1) of Legislative Decree No. 231/2001, '*Disqualification sanctions are aimed at the specific activity to which the offence committed by the entity relates*') which, in turn, may consist of (i) disqualification from exercising the activity; (ii) suspension or revocation of authorisations, licences or concessions functional to the commission of the offence; (iii) prohibition from contracting with the public administration, except for obtaining the performance of a public service (iv) exclusion from reliefs, financing, contributions or subsidies and possible revocation of those granted; (v) prohibition to advertise goods or services; (vi) confiscation (and preventive seizure as a precautionary measure); (vii) publication of the sentence (in the event of application of a disqualification sanction).

Disqualification penalties shall only apply in relation to offences for which they are expressly provided for and provided that at least one of the following conditions is met: (a) the company has derived a significant profit from the commission of the offence and the offence was committed by persons in a senior position or by persons subject to the direction of others when, in the latter case, the commission of the offence was determined or facilitated by serious organisational deficiencies; (b) in the event of repetition of the offence.

The judge determines the type and duration of the disqualification sanctions, taking into account the suitability of the individual sanctions to prevent offences of the type committed and, if necessary, may apply them jointly (Article 14(1) and (3) of Legislative Decree No. 231/2001).

The sanctions of disqualification from carrying on business, prohibition from contracting with the public administration and prohibition from advertising goods or services may be applied - in the most serious cases - on a definitive basis. It is also noted the possible continuation of the company's activity (in place of the imposition of the sanction) on the part of a commissioner appointed by the judge pursuant to and under the conditions of Article 15 of Legislative Decree No. 231/2001.

1.6. Attempted crimes

In the event of the commission, in the form of attempt, of the offences sanctioned on the basis of Legislative Decree No. 231/2001, the pecuniary sanctions (in terms of amount) and the prohibitory sanctions (in terms of duration) are reduced by one third to one half.

The imposition of sanctions is excluded in cases where the entity voluntarily prevents the performance of the action or the realisation of the event (Article 26 of Legislative Decree No. 231/2001). The exclusion of sanctions is justified, in such a case, by virtue of the interruption of any relationship of identification between the body and the persons who assume to act in its name and on its behalf.

1.7. Procedure for ascertaining the offence

Liability for administrative offences resulting from a criminal offence is ascertained in criminal proceedings. In this regard, Article 36 of Legislative Decree No. 231/2001 provides that *'The jurisdiction to hear administrative offences committed by the entity belongs to the criminal court having jurisdiction over the offences on which the offences depend'*.

1.8. Organisation, management and control models

A fundamental aspect of Legislative Decree 231/2001 is the attribution of an exempting value to the organisation, management and control models of the company. In the event of an offence committed by a person in a senior position, in fact, the company is not liable if it proves that (Article 6(1) of Legislative Decree 231/2001):

- a) the management body has adopted and effectively implemented, prior to the commission of the offence, organisational and management models capable of preventing offences of the kind committed;
- b) the task of supervising the operation of and compliance with the models and ensuring that they are updated has been entrusted to a body of the company endowed with autonomous powers of initiative and control;
- c) the persons have committed the offence by fraudulently circumventing the organisation and management models;
- d) there was no omission or insufficient supervision by the Supervisory Board.

The company must, therefore, prove its extraneousness to the facts alleged against the senior person by proving the existence of the above-mentioned concurrent requirements and, consequently, the circumstance that the commission of the offence did not derive from its own 'organisational fault'².

In the event, on the other hand, of an offence committed by persons subject to the management or supervision of others, the company is liable if the commission of the offence was made possible by the violation of the management or supervisory obligations with which the company is required to comply³.

In any case, the violation of management or supervisory obligations is excluded if the company, prior to the commission of the offence, has adopted and effectively implemented an organisation, management and control model capable of preventing offences of the kind committed.

Article 7(4) of Legislative Decree 231/2001 also defines the requirements for the effective implementation of organisational models:

- periodic verification and possible amendment of the model when significant violations of the requirements are discovered or when changes occur in the organisation and activity;
- a disciplinary system suitable for penalising non-compliance with the measures indicated in the model.

² The illustrative report to Legislative Decree 231/2001 expresses it in this regard in these terms: '*For the purposes of the entity's liability, therefore, it will be necessary not only that the offence is objectively attributable to it (the conditions under which this occurs, as we have seen, are governed by Article 5); moreover, the offence must also be an expression of company policy or at least derive from organisational fault*'. And again: '*one starts from the presumption (empirically well-founded) that, in the case of an offence committed by top management, the 'subjective' requirement for the body's liability [i.e., the so-called 'organisational fault' of the body] is satisfied, since the top management expresses and represents the body's policy; where this does not occur, it will be up to the company to prove its extraneousness, and this it can only do by proving the existence of a series of concurrent requirements*'.

³ Article 7(1) of Legislative Decree 231/2001: '*Persons subject to the direction of others and organisation models of the entity - In the case provided for in Article 5(1)(b), the entity is liable if the commission of the offence was made possible by failure to comply with the obligations of direction or supervision*'.

There is here an inversion of the burden of proof attributable to the prosecution, which will have to prove, in the hypothesis envisaged by the aforementioned Article 7, the failure to adopt and effectively implement an organisational, management and control model capable of preventing offences of the kind committed.

Legislative Decree No. 231/2001 outlines the content of organisation and management models, stipulating that, in relation to the extent of delegated powers and the risk of offences being committed, as specified in Article 6(2), they must:

- identify the activities within the scope of which offences may be committed;
- provide for specific protocols aimed at planning the formation and implementation of the company's decisions in relation to the offences to be prevented;
- identify ways of managing financial resources that are suitable for preventing the commission of offences;
- provide for information obligations vis-à-vis the body in charge of supervising the functioning of, and compliance with, the models;
- introduce an appropriate disciplinary system to sanction non-compliance with the measures indicated in the model.

1.9. Codes of conduct drawn up by the associations representing the entities

Article 6(3) of Legislative Decree No. 231/2001 provides that '*Organisational and management models may be adopted, guaranteeing the requirements set out in paragraph 2, on the basis of codes of conduct drawn up by the associations representing the entities, communicated to the Ministry of Justice, which, in agreement with the competent Ministries may, within thirty days, formulate observations on the suitability of the models to prevent offences*'.

The main Guidelines on which this Model is based are those issued by *Confindustria*, last updated in June 2021 (hereinafter, 'Confindustria Guidelines'); these documents provided, inter alia, methodological indications for the identification of risk areas (sectors/activities in which offences may be committed), the design of a control system (the so-called protocols for planning the formation and implementation of the entity's decisions) and the contents of the organisation, management and control model.

1.10. Examination of suitability

The ascertainment of the company's liability, attributed to a criminal court, takes place by means of:

- verification of the existence of the predicate offence for the liability of the company;
- examination of the suitability of the organisational models adopted.

The judge's review of the abstract suitability of the organisational model to prevent the offences referred to in Legislative Decree No. 231/2001 is conducted according to the criterion of the so-called 'posthumous prognosis'.

The judgement of suitability must be formulated according to an essentially *ex ante* criterion whereby the judge places himself, ideally, in the company's situation at the time when the offence occurred in order to test the congruity of the model adopted. In other words, an organisational model that, prior to the commission of the offence, could and should be deemed sufficient to eliminate or, at least, minimise, with reasonable certainty, the risk of the offence subsequently being committed, should be judged 'suitable to prevent offences'.

CHAPTER 2

2. DESCRIPTION OF THE COMPANY: ELEMENTS OF THE GOVERNANCE MODEL AND GENERAL GOVERNING STRUCTURE OF PRE GEL S.P.A.

2.1. PRE GEL S.P.A.

PRE GEL S.p.A. (hereinafter also referred to, for brevity, as 'PRE GEL' or 'Company') was incorporated on 14/10/1983 and has been registered with the Reggio Emilia Register of Companies in the ordinary section since 19/02/1996.

PRE GEL has its registered office in Scandiano (RE), Frazione di Arceto, via 11 Settembre 2001, no. 5/A.

PRE GEL S.p.A. is a single-member company, being wholly owned by Lares S.r.l., which in turn is wholly owned by Syn-Gest S.r.l..

PRE GEL S.p.A. also owns a majority stake in the following companies, which constitute legally independent entities: PreGel America Inc. (based in the USA, 100% ownership), PreGel Mexico S. de R.L de C.V. (based in Mexico, 71.64% ownership), PreGel Canada Inc. (based in Canada, 99% ownership), PreGel Deutschland VmbH (based in Germany, 100% ownership), Pregel CH S.A. (based in Switzerland, 100% ownership), PreGel Austria GmbH (based in Austria, 100% ownership), PreGel Polska SP.z.o.o. (based in Poland, 100% ownership), PreGel Australia Pty Limited (based in Australia, 100% ownership), PreGel Alimentos do Brasil Ltda (based in Brazil, 99.99% ownership), PreGel Colombia S.A.S. (based in Colombia, 90.24% ownership), PreGel Ecuador S.A. (based in Ecuador, 99.99% ownership), Pregel Espana S.L.U. (based in Spain, 100% ownership), PreGel Chile S.p.A. (based in Chile, 99.99% ownership), Pregel Benelux BV (based in the Netherlands, 100% ownership), PreGel France Sasu (based in France, 100% ownership), PreGel UK Ltd (based in England, 100% ownership), PreGel Argentina sa (based in Argentina, 90% ownership), PreGel Greece (based in Greece, 99.70% ownership), PRE GEL STORE S.r.l. (based in Italy, 100% ownership), PreGel Magyarország KFT (based in Hungary, 100% ownership).

The company's **object** (Art. 2 of the Articles of Association) is to engage in the following activities:

- a) The first processing and preservation of agricultural products for use in ice creams, pastries, baked products, gastronomy and for preserved food in general, as well as the subsequent marketing of the same and of products (including promotional items of any kind) functional to the same activity in Italy and abroad, including products for the sanitisation of food processing plants for agricultural processing.
- b) The working of agricultural land owned for the purpose of studying and selecting the agricultural products most suitable agricultural products for first processing by the company.
- c) The Company may also hire representatives or agencies for the trade of the above-mentioned products, both in Italy and abroad.

With reference to the effective implementation of the aforementioned corporate purpose, as found at the time of drafting this Report, the following is noted:

- **the activity referred to in point a)**, *'the first processing and preservation of agricultural products for use in ice creams, pastries, baked products, gastronomy and for preserved food in general, as well as the subsequent marketing of the same and of products (including promotional items of any kind) functional to the same activity in Italy and abroad, including products for the sanitisation of food processing plants for agricultural processing'*, is effectively carried out by the Company;
- **the activity referred to under b)**, *'the working of agricultural land owned for the purpose of studying and selecting the agricultural products most suitable for first processing by the company'*, is not, at present, effectively carried out;
- **the activity referred to under c)**, *'to hire representatives or agencies for the trade of the above-mentioned products, both in Italy and abroad'*, is not, at present, effectively exercised.

Always in accordance with the provisions of the articles of association (Article 2), the Company, by simple resolution of the Board of Directors, may acquire shareholdings in other companies that have the same or similar object as the company's or that perform activities that are in any case complementary or integrative to the company's object. If, however, the shareholding in other companies is of such a nature as to substantially change the corporate purpose, a resolution of the Extraordinary Shareholders' Meeting will be required to change the corporate purpose in advance.

The Company may also carry out any civil and commercial, movable and real estate, industrial and financial contract or transaction necessary or useful for the achievement of the corporate purpose, also by granting secured guarantees or sureties also in favour of third parties and shareholders, and it may also take on, in any way, also in the form of interests and co-participations, the exercise and liquidation of other companies or enterprises having the same purposes, similar and in any case connected to those of the Company.

PRE GEL is certified according to the BRC FOOD SAFETY (BRC Global Standard for Food Safety) and IFS FOOD (International Featured Standard) quality standards in the food sector.

The company has also obtained the following certifications for certain products: Organic, Kosher, Halal, Piedmont Hazelnut I.G.P. certification.

2.2. Business Model

The activities, referred to in (a) above, are carried out at the following **Local Units**:

- a. **Agro-food sector of Arceto and Headquarters**, located in Via 11 Settembre 2001, no. 5/a Scandiano (RE), hamlet of Arceto, where there are: management offices, reception and representation foyer, micro-fair tasting area, **product sampling, logistics offices, automated**

finished product warehouse, product research and development and production laboratory, staff and guest service areas.

In the future, this location will also host a 'Multimedia Cooking School' (IMC).

- b. **Production plant**, located at 64 Via Comparoni, where there are also **offices, a laboratory and a warehouse**;
- c. **Local Unit No. RE/4**, located in Reggio Emilia (RE), via Anna Frank No. 62, where **the Marketing Function, the Research and Development Function and a warehouse** and the **ITC** (International Training Centres or 'Cooking School') are located.

As of 21/11/2022, the company employed approximately 278 people.

The company's **core business** is the production and marketing of ingredients and preparations for ice cream parlours, yoghurt parlours, pastries, beverages, baked products, gastronomy and for preserved food in general.

In particular, PRE GEL works with **customers that are essentially of the following types**:

- 1) Food service (ice cream parlours, bars, restaurants, hotels), for which sales are made through dealers, resellers, wholesalers and agents.
- 2) Industrial customers/management customers.

2.3. Governance of PRE GEL S.p.A.

2.3.1. The Governance of PRE GEL S.p.A.

The current corporate governance consists of the following bodies:

- Shareholders' Meeting;
- Board of Directors;
- Chairman of the Board of Directors and Chief Executive Officer;
- Managing Director;
- Managing Director;
- Operations Director and holder of special power of attorney;
- Board of Statutory Auditors.

The company is also subject to an external audit.

Starting from the analysis of the **Articles of Association**, the following is noted:

The Articles of Association of the Company stipulate in Article 19 that '*The **Management of the Company** is entrusted, pursuant to Article 2380, Section 1, of the Civil Code, at the discretion of the Shareholders' Meeting, to the Board of Directors, consisting of a maximum of five (5) members, or to the Sole Director*'.

Always according to Article 19 of the Articles of Association, '*the Board of Directors elects its chairman from among its members by an absolute majority of its members, unless the office of chairman is assigned to one of the members of the Management Body upon its appointment*'.

According to the articles of association provisions (Art. 21):

'The Management Body manages the enterprise with the diligence required by the nature of the office and performs all operations, both ordinary and extraordinary, necessary for the implementation of the corporate object, being endowed with all powers for the management of the Company and with the power to perform all acts deemed necessary or opportune for the achievement of the corporate object.

It is up to the Management Body to adopt the following resolutions (after individual consultation with the individual shareholders, in order to ascertain whether any of them nevertheless do not wish to submit a resolution to the Board, in which case the resolutions referred to below must be adopted by the Shareholders' Meeting):

- a) *merger in the cases provided for in Articles 2505 and 2505-bis of the Civil Code;*
- b) *indication of which of the Directors are to represent the Company;*
- c) *reduction of share capital in the event of withdrawal of a Shareholder;*
- d) *adjustments of the Articles of Association to regulatory provisions;*
- e) *reduction of share capital due to losses, if the shares are without nominal value'.*

Pursuant to Art. 23 of the Articles of Association, the following are vested with **representation of the Company** before third parties and also in court, with the power to act in any court and at any level of jurisdiction, including supranational or international, and also for revocation and Supreme Court proceedings, and to appoint lawyers and attorneys at law for this purpose:

- a) the Sole Director or the **Chairman of the Board of Directors** (and in case of their absence or impediment, the Vice-Chairman of the Board of Directors if appointed);
- b) **the Managing Directors, within the scope of the powers conferred on them.**

Pursuant to Article 22 of the Articles of Association, *'The Board of Directors may appoint from among its members one or more Managing Directors or an executive committee, fixing their powers and remuneration. The matters listed in Article 2381(4) of the Civil Code cannot be delegated'.*

Finally, in the light of Section 23(2) of the Articles of Association, *'The Management Body may appoint special directors and holders of special power of attorney and may also resolve that the use of the corporate signature be conferred, either jointly or severally, for certain acts or categories of acts, on employees of the Company and, where applicable, on third parties'.*

In compliance with the above-mentioned provisions of the Articles of Association, the Company is currently **governed by a traditional, family-based management system, which provides for a Board of Directors comprised of four members**, in relation to three of which the Board of Directors has exercised the power of delegation as per Article 22.

The power referred to in Article 23(2) of the Articles of Association is also currently being exercised, as the Company has appointed the Operations Director as **Managing Director, pursuant to Article 16 of Legislative Decree 81/08**, with the title of **Environmental Manager** and **Quality and Labelling Manager**.

Always at the governance level, as mentioned above, the following supplement the System of Controls that the Company has set up: (i) the Board of Statutory Auditors and (ii) the Independent Audit Firm.

2.3.2. Control principles regarding delegations and power of attorney

The delegation and power of attorney system must be characterised by elements of '*certainty*' for the prevention of offences and allow for the efficient management of the company's business.

'*Delegation*' is understood to mean that internal act of assigning functions and tasks, reflected in the organisational communication system. '*Power of attorney*' shall mean the unilateral legal instrument whereby the entity assigns to an individual person the power to act on its behalf.

The essential requirements of the delegation and power of attorney system are as follows:

- a. all those who have dealings with the P.A. on behalf of the organisation must be furnished with formal delegation and - where necessary - power of attorney;
- b. each power of attorney entailing the power to represent the Entity vis-à-vis third parties must be matched by an internal delegation describing the relevant management power;
- c. delegations of power must match each power to the relevant responsibility and to an appropriate position in the organisational chart;
- d. each delegation must define in a specific and unequivocal manner:
 - the powers of the delegatee, specifying their limits;
 - the subject (body or individual) to whom the delegatee reports hierarchically;
 - the delegatee must be granted spending powers appropriate to the functions conferred;
 - the system of delegated and proxy powers must be updated in a timely manner.

The delegation and power of attorney System constitutes a control protocol applicable to all sensitive activities.

2.3.3. Control principles inherent in the general organisational system

All Sensitive Activities must be carried out in compliance with the laws in force, the values and policies of the Company and the rules contained in this Model.

Generally speaking, the **Company's organisational system must comply with the fundamental requirements of formalisation and clarity, communication and separation of roles**, particularly with regard to the allocation of responsibilities, representation, definition of hierarchical lines and operational activities.

The company must have **organisational tools (organisational charts, organisational communications, procedures, etc.) based on the general principles of:**

- a. clear description of reporting lines;
- b. knowledge, transparency and publicity of the powers attributed (within the Company and vis-à-vis third parties);
- c. clear and formal delimitation of roles, with a full description of the tasks of each function, their powers and responsibilities.

Internal procedures must be characterised by the following elements:

- (i) separation, within each process, between the person making the decision (decision-making impulse), the person executing that decision and the person entrusted with controlling the process (so-called '*segregation of duties*');
- (ii) written record of each relevant step in the process (so-called '*traceability*');
- (iii) appropriate level of **formalisation**.

In particular:

- the company organisational chart and the areas and responsibilities of the company functions must be clearly and precisely defined by means of appropriate documents, made available and known to all employees;
- appropriate operating policies and procedures must be defined with particular reference to processes relating to areas at risk of offences;
- the roles and tasks of the internal managers of each risk area, who are to be vested with the power to direct, drive and coordinate the underlying functions, must be clearly and precisely laid down.

CHAPTER 3

3. ORGANISATION, MANAGEMENT AND CONTROL MODEL AND THE METHODOLOGY FOLLOWED FOR ITS PREPARATION

3.1. Introduction

The adoption of an Organisational, Management and Control Model in accordance with Legislative Decree 231/2001 (hereinafter also referred to as the 'Model') and its effective and constant implementation, in addition to representing grounds for exemption from the Company's liability in respect of the commission of certain types of offence, is an act of social responsibility of PRE GEL S.p.A. from which benefits accrue to all stakeholders: shareholders, employees, creditors and all other parties whose interests are linked to the Company's fortunes.

The introduction of a control system for entrepreneurial activity, together with the establishment and dissemination of ethical principles, improves the already high standards of behaviour adopted by the Company, increases the trust and reputation that PRE GEL S.p.A. enjoys with third parties and, above all, fulfils a regulatory function in that it regulates the behaviour and decisions of those who are called upon to work in favour of the Company on a daily basis in accordance with the aforementioned ethical principles.

By adopting the Model, the Company intends to pursue the following aims:

- prohibit conduct that may constitute the offences referred to in the Decree;
- spread awareness that violation of the Decree, of the provisions contained in the Model and of the principles of the Code of Ethics may result in the application of sanctions (pecuniary and prohibitory) also against the Company;
- disseminate a corporate culture based on legality, in the awareness that the Company expressly disapproves of any conduct contrary to the law, regulations, internal provisions and, in particular, the provisions contained in the Model and the Code of Ethics;
- provide clear, simple and effective rules that enable everyone to perform their duties and/or work assignments, behaving and operating in full compliance with the relevant laws;
- enable the Company, by means of a system of control instruments and constant monitoring of the proper implementation of said system, to prevent and/or promptly counteract the commission of offences relevant under the Decree;
- set up a Supervisory Board, in direct contact with the First Reporting Line and the Board of Directors, with the task of monitoring and verifying the effective functioning of the Model, as well as its compliance;

- constant attention to the continuous improvement of the Organisation, Management and Control Model by analysing not only the provisions of the procedures, but also the company's conduct and practices, promptly intervening with corrective and/or preventive actions where necessary.

The provisions of this Model are binding for **(i)** the persons who hold representation, administration or management functions of the Company, **(ii)** the persons who manage and control the Company, **(iii)** all Company employees subject to the management or supervision of the aforementioned persons, **(iv)** those who, although not functionally linked to the Company, act by mandate or on behalf of the same (e.g. freelance workers, consultants, partners, suppliers, customers), under the direction or supervision of the top management (hereinafter, '**Recipients**').

3.2. Definition of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001

The previous version of the Model highlights the methodology followed for its initial drafting, which was inspired by the main Guidelines and best practices developed by trade associations.

The methodology chosen to execute the project, in terms of organisation, definition of operational methods, structuring in phases, allocation of responsibilities between the various company functions, was defined in order to guarantee quality and authoritativeness of the results.

The basic elements developed by PRE GEL in defining the Model can be summarised as follows:

- ❖ mapping of the so-called 'sensitive' activities, with examples of possible ways in which offences could be committed and of the instrumental processes within which, in principle, the conditions and/or means for the commission of the offences covered by the Decree could occur;
- ❖ provision of specific control measures (as set out in the following Special Sections of this Model) to support the instrumental processes considered exposed to the potential risk of offences being committed;
- ❖ Establishment of a Supervisory Board, with the assignment of specific tasks to supervise the effective implementation and application of the Model;
- ❖ adoption of a system of sanctions (as set out in the General Section of this Model) aimed at ensuring the effective implementation of the Model and containing the disciplinary measures applicable in the event of violation of the provisions contained in the Model;
- ❖ carrying out information and training activities on the contents of this Model (as better described in this General Section).

When the Model was updated, it was adapted to the natural evolution of the company's structure and operations.

Specifically, at the time of the update, the risk assessment activity was conducted as described below:

- by examining the relevant company documentation (including the company organisation chart, articles of association, delegation of powers, etc.), the Company Processes representing Risk Areas in relation to the offences included in the 231 Catalogue of Offences were identified;
- identification, within the scope of the Processes, (i) of the corporate activities exposed to the risk of commission of the offences pursuant to Legislative Decree 231/2001 (so-called Sensitive Activities) and (ii) of the offences included in the 231 Catalogue of Offences that may be abstractly configured in relation to each Sensitive Activity;
- on the basis of the results obtained, updating of the Special Parts of the Model.

Preliminary to the identification of Sensitive Activities was the analysis of PRE GEL's existing business model and control model carried out in order to better understand the business areas under analysis.

In this regard, as anticipated, it should be noted that the Company is governed by a traditional management system, with a strong family imprint that represents the cornerstone of PRE GEL's entire organisation and management model. In fact, the Company's current management model is built on the specific and characteristic elements of this type of business (intuition, will, initiative, leadership concentrated in a single or very few individuals; emotional bond between entrepreneur and company, a bond that generates a spirit of belonging in employees; rapid decisions, elimination of bureaucracy) and, on the basis of the solid ethical and professional values of the founders/presidents, has developed - as the founding elements of its definition - the following principles/objectives:

<p>Corporate culture</p>	<p>Establishment within the company of <u>a continuous oversight of the corporate culture</u>, which continuously and clearly reinforces the perception of those values (respect for the law, social responsibility, transparency, appreciation of merit, constant growth, maintenance of healthy relations between people within the organisation and externally, etc.) that are the essence and the guarantee for creating companies that last and prosper over time.</p>
<p>Business Ethics</p>	<p><u>Centrality of the internal environment</u>, which includes the values and commitment of the ownership, based on the balance between a control philosophy and governance inspired by the principles of respect for counterparts, fairness</p>

	and ethics.
Expertise	Awareness that business cannot thrive without appropriate skills.
Transparency	Frequent meetings and discussions to ensure timely and accurate information on all relevant matters concerning the company, with the understanding that such moments contribute to the construction and functioning of a healthy control environment.
Competitive positioning	Awareness that the good results achieved by the company are the result of teamwork that integrates the contributions of a set of parties that provide resources to the company, and of the <u>consolidation of solid, healthy relationships with customers and suppliers that are of primary importance and professionalism.</u>
Long-term vision	Enhancement of entrepreneurial strategies based on constant growth and on the <u>consolidation and durability of the company over time.</u>

In addition to the above, in order to manage and monitor the main risks and to enable sound business management, the following control measures are in place.

3.3. Internal Control and Risk Management System

The Company has an Internal Control System (IC) and Risk Management (RM) System represented by the set of rules, procedures and organisational structures aimed at enabling the identification, measurement, management and monitoring of risks. The adequacy of the IC-RMS depends on the soundness of the company's processes and the related control structures, but also on the company's ability to face and adapt to changes in the risk scenarios that characterise the economic-social context and the markets in which it operates, changes induced not only by 'ordinary' phenomena (e.g.: legislative and/or regulatory interventions), but also by unexpected factors or factors that are difficult to control such as (i) technological progress, (ii) political and macro-economic instability, (iii) serious crises at world level (such as, for example, the recent Covid-19 pandemic and the violent repercussions on the economic fabric that it generated).

The IC-RMS comprises:

- 1) Horizontal control provisions, of a general nature and applicable in relation to all Processes;

- 2) Vertical control provisions, specific to the different Processes, found in the Special Part of the Model.

For the sake of completeness, it should be noted that the degree of control that the Company decides to implement for each activity at risk is a function, in addition to an assessment in terms of cost-benefit, of the risk threshold deemed acceptable by the Company itself for that specific activity. As is well known, the concept of 'acceptable risk' is an essential element in the construction of a preventive control system since, in the absence of its determination, the quantity/quality of preventive controls put in place would be virtually infinite, with intuitable consequences in terms of company operations.

That said, as highlighted by the Confindustria Guidelines, with regard to intentional offences, the conceptual threshold of acceptability is constituted by a prevention system such that it cannot be circumvented except fraudulently (see Article 6(1)(c) of Legislative Decree 231/2001); as pointed out in case law, the 'fraud' referred to in Legislative Decree 231/2001 does not necessarily require authentic contrived or fraudulent acts; at the same time, however, fraud cannot consist either in the mere violation of the prescriptions contained in the 231 Model. It presupposes that the violation of the Model 231 is in any case caused by a circumvention of the security measures suitable to compromise its effectiveness.

On the other hand, with regard to predicate negligent-offences, the threshold of 'acceptable risk' is represented by the '*performance of conduct in breach of the organisational prevention model (and, in the case of health and safety offences, of the underlying mandatory obligations prescribed by the prevention regulations), despite full compliance with the supervisory obligations on the part of the Supervisory Board pursuant to Legislative Decree no. 231/2001*'.

On the basis of these principles, for all Processes considered to be 'at risk' of the commission of predicate offences, the Company's Model 231 has been constructed with the objective of defining protocols: 1) that are reasonably capable of preventing all possible intentional offences, if not prior fraudulent circumvention, and 2) that provide for an adequate system of controls of those fulfilments whose omission could lead to culpable offences.

3.4. IC-RMS - Horizontal Control Principles

The control measures that have a preventive impact on all Processes at risk are as follows:

CONTROL ENVIRONMENT	Control Environment: represents the foundation of the entire IC-RMS, influencing all the other components of the system, as well as the entire corporate organisational structure; the Board of Directors is fully aware of and plays the role of defining the nature and level of risk compatible with the Company's strategic objectives and structures the IC-RMS accordingly.
	Code of Ethics, which enshrines values and rules of 'corporate ethics' that the Company recognises as its own and with which it requires compliance on the part of the Recipients of this

	<p>Model. The Code of Ethics is the charter of values and principles inspiring business action: the charter of moral rights and duties that defines the ethical-social responsibility of each participant in the business organisation. The objective of the Code of Ethics is to establish a cultural and regulatory climate that - in addition to deterring conduct that could give rise to offences - ensures that the company is perceived and valued as a guarantee of moral responsibility</p> <p>An up-to-date, formalised and clear organisational system: this includes a (i) system for assigning <u>delegated powers and powers of attorney</u> that reflect managerial responsibilities with the attribution of consistent powers of representation and aligned and never unlimited powers of expenditure, and (ii) the presence of an <u>up-to-date organisation chart</u> with clear reporting lines, (iii) <u>job descriptions/duties</u> containing a clear and formal delimitation of roles, with a full description of the tasks of each position and of the relative powers and responsibilities.</p> <p>Commitment to attracting, developing and retaining competent human resources: the Company is actively engaged in identifying the best human resources with appropriate skills to pursue the achievement of corporate objectives; it shows interest in attracting talent, develops the potential of human resources, cultivates the professional development and plans and manages succession.</p>
<p>RISK ASSESSMENT, ACTIVITIES AND CONTROL INSTRUMENTS</p>	<p>Clear definition of corporate objectives: the Company implements a policy of clearly defining its organisational and management objectives in the medium to long-term and assigning them to the various levels of the corporate structure (e.g.: operational and industrial plans, budgets, investments). This makes it possible to assess the risks associated with achieving these objectives. The planning also contains the forecast of related costs.</p> <p>Consideration of fraud risk: during the risk assessment, the risk of both internal and external fraud is considered and weighed.</p> <p>Change management: the Company identifies and evaluates changes that may impact on the pursuit of its objectives; alert</p>

	<p>systems are in place to promptly report and address any new risks.</p>
	<p>Supervisory Body: the body is endowed with autonomous powers of initiative and control aimed at ensuring supervision of the effective implementation and application of the Model.</p>
	<p>Board of Statutory Auditors: supervises the activities of the directors and checks that the management and administration of the Company are carried out in accordance with the law and the articles of association; verifies the adequacy of the Company's organisational structure, the internal control system and the administrative-accounting system as well as the reliability of the latter in correctly representing operating events.</p>
	<p>Forms of auditing: the Company is subject to legal audit pursuant to Legislative Decree No. 39 of 27 January 2010.</p>
	<p>Protection and Prevention Service: this is organised internally with a structure and characteristics commensurate with the company and performs the tasks laid down in Article 34 of Legislative Decree No. 81/2001. The person in charge of the service is internal.</p>
	<p>Third-party audits: the Company is subject to periodic and continuous audits carried out by accredited certification bodies; periodic and extraordinary audits carried out by public authorities can be assimilated to these activities.</p>
	<p>Certifications: The company has the following certifications:</p> <ul style="list-style-type: none"> ✓ BRC FOOD SAFETY (BRC Global Standard for Food Safety), ✓ IFS FOOD (International Featured Standard)
	<p>Procedures: the company processes pertaining to the production part are supervised and regulated by adequate provisions in compliance with the principles of role segregation, traceability and control; the procedures relating to sensitive activities are an integral part of this Model even where they are not expressly referred to.</p>
	<p>Roles and responsibilities: the roles, tasks and responsibilities of each corporate function involved in risk activities are formally defined.</p>
	<p>Segregation of functions: in the management of processes, the principle of separation of roles is guaranteed by assigning to</p>

	<p>different subjects the crucial phases of which the processes themselves are composed and, in particular, those of decision, authorisation, execution and control.</p>
	<p>Document traceability, archiving and preservation: the documentary traceability of each relevant step of the process is pursued, as well as the correct and documented archiving, preservation and verifiability of the relevant documentation in relation to each process, operation or transaction. To this end, the traceability of the activity is guaranteed by means of suitable documentary and IT supports, thanks to which it is possible to carry out controls at any time. For each operation, it is possible to identify who authorised the operation, who physically carried it out, who recorded it and who carried out a check on it. The traceability of operations is ensured with a higher level of certainty by the use of computer systems capable of managing the operation, enabling compliance with the requirements described above.</p>
	<p>Documentation of controls: the documentability of the controls performed (both internal and third-party audits) is ensured. It is possible to retrace the control activities carried out, so that the consistency of the methodologies adopted and the correctness of the results can be assessed.</p>
	<p>Contractual clauses: contracts regulating the performance of sensitive activities include special clauses aimed at protecting the Company from conduct by its contractual counterparties in violation of the Model and the company procedures that implement it. These clauses provide for, for example: (i) a declaration by the counterparty that it is aware of and undertakes to comply with the principles contained in the Company's 231 Model; (ii) the Company's right to terminate the contracts in question in the event of violation of these obligations.</p>
	<p>Financial resource management system: financial management is supported by structured expenditure authorisation processes and dedicated IT tools, set up on workflows consistent with formally defined spending powers and organisational roles. These systems and processes are inspired by the principles of: (i) segregation of duties (the person requesting the expenditure is different from the person authorising it, who is different from the person who materially makes the payment and records it); (ii) traceability of all</p>

	<p>financial movements and reconciliation of the same with the administrative-accounting system; (iii) identification of the rationale of the expenditure to be incurred (iv) provision of standard forms of payment; (v) adoption of a budgeting and management control process that allows the traceability and subsequent reconstruction of the individual steps; (vi) rigorous application of the principle of predetermination and measurability in relation to the definition of mechanisms for determining disbursements or payments by the Company (e.g., variable component of remuneration to employees, consultants' fees, etc.).</p> <p>Reg. (EU) no. 679/2016 (GDPR): the Company has adopted a Privacy Operating Model for the implementation of Reg. (EU) no. 679/2016 (GDPR) on the Protection of Personal Data and free movement of the same; the system has strong interrelationships with this model with reference to the issues of prevention of Computer Crimes. The Company has also appointed a DPO.</p>
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<p>INFORMATION AND COMMUNICATION</p>	<p>Communication and training: communication concerns the 231 Model, authorisation powers, hierarchical reporting lines, procedures, information flows and everything that contributes to transparency in daily operations. In addition, access to and consultation of the documentation constituting the Model is also allowed through the corporate intranet. An adequate training programme is developed containing the recipients, the content of the training courses, the frequency, the methods of delivery, the compulsory nature of participation in the courses, the frequency and quality controls on the content of the programmes, and the systematic updating of the content of the training events in view of the updating of the Model.</p> <p>Information flows: the Company has introduced a specific procedure on the basis of which the Heads of the corporate Functions involved in the Processes concerned must communicate to the Supervisory Board any relevant information in relation to the specific activity and, in particular, knowledge of situations in which the same has been performed in breach of the corporate procedures in force.</p> <p>Adoption of a Whistleblowing System: in this regard, the Company has adopted a specific procedure attached to this</p>
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	General Section ' <i>Annex 4 - Whistleblowing Procedure</i> ', to which reference is made, aimed at implementing the provisions of Legislative Decree No. 24 of 10 March 2023.
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MONITORING AND DISCIPLINARY SYSTEM	Reporting and Reporting: the above-mentioned control activities are documented in special reports; the control bodies report periodically to the Board of Directors on the status of implementation of the IC-RMS.
	Adoption of a Disciplinary System: to guarantee the effective implementation of the Model, the System contains the disciplinary measures applicable in the event of violation of the provisions contained in the Model. In accordance with Article 21, paragraph 2, of Legislative Decree No. 24 of 10 March 2023, No. 24 (the so-called Whistleblowing Decree), this Disciplinary System also applies to those who are found to be responsible for the offences referred to in Article 21, paragraph 1, of Legislative Decree No. 24 of 10 March 2023, such offences being understood as violations of the Model itself.

3.5. Integration of Control and Risk Management Systems

The Internal Controls and Risk Management System illustrated above has necessitated a process of integration between the various parties. This has made it possible to rationalise activities (in terms of resources, people, etc.), improve the effectiveness and efficiency of compliance activities, and facilitate the sharing of information through an integrated view of the various compliance needs, including by carrying out joint risk assessments. The integrated approach tends to contemplate common procedures that ensure efficiency and streamlining and that do not generate overlapping roles (or lack of controls), duplication of checks and corrective actions.

The implementation of the integrated system is based on specific and continuous coordination and collaboration mechanisms between the main corporate stakeholders including, by way of example, the Employer and the other OSH guarantee figures, the Prevention and Protection Service, the DPO, the Board of Statutory Auditors, the Audit Firm and the Supervisory Board.

The Integrated compliance Model is a governance tool for achieving the company's strategic objectives to ensure sustainable success. It is based on an approach that focuses on the effectiveness and efficiency of the internal control system by exploiting synergies to mitigate risks; the pillars that make this possible are: (i) Top level commitment, (ii) Culture of control and business ethics, and (iii) Coordination between the actors of the internal control system.

CHAPTER 4

4. THE SUPERVISORY BODY PURSUANT TO D. LGS. 231/2001

4.1. The Supervisory Board

Under the provisions of Legislative Decree No. 231/2001, the body may be exonerated from liability resulting from the commission of offences by senior persons or persons subject to their supervision and management, if the management body has:

- adopted and effectively implemented organisation, management and control models suitable for preventing the offences in question;
- entrusted the task of supervising the operation of and compliance with the model and ensuring that it is kept up-to-date to a body of the entity endowed with autonomous powers of initiative and control.

Entrusting the aforementioned tasks to a body endowed with autonomous powers of initiative and control, together with the correct and effective performance thereof, is therefore an indispensable prerequisite for exemption from liability under Legislative Decree No. 231/2001.

The Confindustria Guidelines identify autonomy and independence, professionalism and continuity of action as the main requirements of the Supervisory Board.

In particular, the requirements of **autonomy and independence** are met where the control initiative is free from any interference and/or conditioning by any component of the Company in this sense; the setting up of a Supervisory Board '*as a staff unit in as high a hierarchical position as possible*' is indispensable, with the provision that the Supervisory Board '*reports*' to the highest operational corporate management, i.e., to the Management Body.

It is also indispensable that the Supervisory Board not be assigned operational tasks which, by making it a participant in operational decisions and activities, would undermine its objectivity of judgement when verifying conduct and the Model.

The connotation of **professionalism** must be referred to the '*baggage of tools and techniques*' necessary to effectively perform the activity of the Supervisory Board; in this sense, the Company has decided to exploit specialised techniques peculiar to those who perform 'inspection' activities, but also consultancy in the analysis of control and management systems and of a legal nature, with particular regard to criminal matters.

With particular regard to occupational health and safety profiles, the Supervisory Board shall make use of all the resources that the Company has activated for the management of the relevant aspects and, in particular, of the Head of the Prevention and Protection Service.

Continuity of action, which guarantees an effective and constant implementation of the organisational model, is ensured by the presence of a structure dedicated exclusively and full-time to supervisory activities.

4.2. General principles on the establishment, appointment and revocation of the Supervisory Board.

In the absence of specific indications in the body of Legislative Decree No. 231/2001, PRE GEL S.p.A. has opted for a solution that, taking into account the purposes pursued by the law, is able to ensure, in relation to its size and organisational complexity, the effectiveness of the controls to which the Supervisory Board is assigned.

In particular, it has identified its Supervisory Board as a multi-subjective body consisting of two external members and one internal member.

The Supervisory Board remains in office for three (3) years and its members may be re-elected.

As a general rule, it is necessary that the members of the Supervisory Board possess, in addition to adequate professional skills, subjective requirements that guarantee the autonomy, independence and honourability required by the task (see Article 5 of the Rules of Procedure of the Supervisory Board - **Annex 3**).

Removal of a member of the Supervisory Board may take place in the cases provided for in Article 6 of the Rules of Procedure of the Supervisory Board (Annex 3).

The functions and powers of the Supervisory Board are set out in Article 9 of the Rules of Procedure of the Supervisory Board (Annex 3).

In order to be able to supervise the effectiveness and efficacy of the Model, the Supervisory Board must be the recipient of accurate, complete, timely and constant information flows; the type and content of the information flows, the corporate functions to which the information obligation is addressed and the timeframe for fulfilment are governed by **Annex 2 - Information Flow Procedure**.

Always as a general rule, direct communication with the Supervisory Board must be allowed and facilitated for all Recipients of the Model. In this sense, the channel set up (and to be clearly communicated to the addressees) is the dedicated e-mail box odv@pregel.com.

With specific reference to the application of **Legislative Decree No. 24 of 10 March 2023 (the so-called Whistleblowing Decree)**, the relevant rules are contained in **Annex 4**.

As regards the **duty of information of the Supervisory Board vis-à-vis the corporate bodies**, the relevant rules are contained in Article 15 of the Articles of Association of the Supervisory Board (Annex 3).

CHAPTER 5

5. DISCIPLINARY SYSTEM

5.1. Function of the disciplinary system

Legislative Decree 231/2001 indicates, as a condition for the effective implementation of the organisation, management and control model, the introduction of a disciplinary system capable of sanctioning non-compliance with the measures indicated in the model.

Therefore, the definition of an adequate disciplinary system constitutes an essential prerequisite of the exonerating value of the organisation, management and control model with respect to the administrative liability of entities.

The sanctions provided for in the disciplinary system will be applied to any breach of the provisions contained in the Model regardless of whether a crime has been committed and regardless of the course and outcome of any criminal proceedings initiated by the judicial authorities.

In accordance with Article 21, paragraph 2, of Legislative Decree No. 24 of 10 March 2023 (the so-called Whistleblowing Decree), this disciplinary system also applies to those who are found to be responsible for the offences referred to in Article 21, paragraph 1, of same Legislative Decree No. 24 of 10 March 2023, such offences being understood as violations of this Model.

The measures set out in paragraphs 5.2., 5.3., 5.4., 5.4., 5.5., 5.6. and 5.7. below shall therefore also apply to those who are found to be responsible for the following offences:

- **significant retaliation as per Legislative Decree no. 24/2023, obstruction or attempted obstruction of reports under Legislative Decree no. 24/2023, breach of the obligation of confidentiality under Article 12 of Legislative Decree 24/2023 (Article 21(1)(a) of Legislative Decree 24/2023);**
- **failure to set up the reporting channels as per Legislative Decree 24/2023, failure to adopt procedures for making and managing the reports as per Legislative Decree 24/2023 or adoption of procedures that do not comply with those referred to in Articles 4 and 5 of Legislative Decree 24/2023, as well as failure to carry out the verification and analysis of reports received (Article 21(1)(b) of Legislative Decree 24/2023);**
- **the case as per Article 16(3), or, except as provided for in Article 20 of Legislative Decree 24/2023, when the responsibility of the person reporting the offence for defamation or slander or, in any case, for the same offences committed with the report to the judicial or accounting authorities is established, also by a judgment of first instance, or their civil liability for the same offence, in cases of wilful misconduct or gross negligence, (Article 21(1)(c) of Legislative Decree 24/2023).**

These offences are considered as violations of this Model, insofar as they are committed in violation of the Whistleblowing Procedure, constituting Annex 4 to the General Part of the Model.

5.2. Measures against employees

Observance of the provisions and rules of conduct provided for by the Model constitutes fulfilment by employees of the obligations provided for in Article 2104, second paragraph, of the Civil Code; they are obligations of which the content of the Model is a substantial and integral part.

Violation of the individual provisions and rules of conduct set out in the Model by employees always constitutes a disciplinary offence.

The measures indicated in the Model, non-compliance with which is intended to be sanctioned, are communicated by means of an internal memorandum to all employees, posted in a place accessible to all, and/or published on the company intranet, and are and binding on all employees of the Company

Disciplinary measures can be imposed on employees in accordance with the provisions of Article 7 of Law No. 300 of 20 May 1970 (so-called 'Workers' Statute') and any applicable special regulations.

Upon being informed of a breach of the Model, this corresponds to the initiation of the procedure for the assessment of misconduct in accordance with the CCNL (National Collective Labour Agreement) applicable to the specific employee concerned by the procedure. Therefore:

- every report of a violation of the Model triggers the investigation procedure;
- if, following the procedure, a violation of the Model is ascertained, the disciplinary sanction provided for in the applicable CCNL is imposed;
- the sanction imposed is proportionate to the seriousness of the breach.

More specifically, on the basis of the ascertainment of the breach, at the request of the Supervisory Board, and having heard the hierarchical superior of the author of the conduct complained of, the Board of Directors identifies - after analysing the employee's motivations - the disciplinary sanction applicable on the basis of the relevant CCNL.

After applying the disciplinary sanction, the Board of Directors notifies the Supervisory Board of the imposition of that sanction.

The Supervisory Board and the Board of Directors monitor the application of disciplinary sanctions.

All legal and contractual requirements concerning the imposition of disciplinary sanctions are complied with, as well as the procedures, provisions and guarantees provided for in Article 7 of the Workers' Statute and the specific applicable CCNL on disciplinary measures.

5.3. Violations of the Model and related sanctions

In compliance with the provisions of the relevant legislation and in accordance with the principles of typicality of violations and typicality of sanctions, PRE GEL S.p.A. intends to bring to the knowledge of its employees the provisions and behavioural rules contained in the Model, the violation of which constitutes a disciplinary offence, as well as the applicable sanctions, taking into account the seriousness of the violations.

Without prejudice to the Company's obligations deriving from the Workers' Statute, the types of conduct constituting violations of the Model, accompanied by the relevant sanctions, are as follows:

1. A worker who violates one of the internal procedures laid down in the Model (e.g., fails to observe the prescribed procedures, omits to notify the Supervisory Board of prescribed information, fails to carry out checks, etc.), or adopts, in the performance of activities in sensitive areas, a conduct that does not comply with the prescriptions of the Model, incurs the measure of a 'verbal warning'. Such conduct constitutes a failure to comply with the provisions issued by the Company.
2. The measure of a 'written warning' shall be applied to any the worker who is a repeat offender in violating the procedures established by the Model or in adopting, in the performance of activities in sensitive areas, a conduct that does not comply with the provisions of the Model. Such conduct constitutes a repeated failure to comply with the provisions issued by the Company.
3. The measure of 'fine not exceeding the amount of three hours' pay', in accordance with the CCNL mentioned above, shall be applied to any worker who, by violating the internal procedures established by the Model, or by adopting, in the performance of activities in sensitive areas, a conduct that does not comply with the prescriptions of the Model, exposes the integrity of the Company's assets to a situation of objective danger. Such conduct, carried out with a failure to comply with the provisions issued by the Company, determines a situation of danger for the integrity of the Company's assets and/or constitutes acts contrary to its interests.
4. The measure of 'suspension from work and pay for a period not exceeding three days of actual work', in accordance with the CCNL, shall be applied to any worker who, in violating the internal procedures provided for by the Model, or adopting a conduct not compliant with the provisions of the Model in the performance of activities in sensitive areas, causes damage to the Company by performing acts contrary to its interests or, to any worker who is repeat offender more than three times in a calendar year in the offences referred to in points 1, 2 and 3. Such conduct, committed for failure to comply with the provisions issued by the Company, causes damage to the Company's assets and/or constitutes acts contrary to its interests.
5. A worker that violates the internal procedures of the Model, adopting in the performance of activities in sensitive areas a conduct not compliant with the provisions of the Model and directed unambiguously at the commission of a crime foreseen by Legislative Decree no. 231/2001, such conduct being recognised as causing considerable damage or a situation of considerable harm, or the

worker who, in breach of the internal procedures laid down by the Model, adopts a conduct in the performance of activities in sensitive areas which is clearly in breach of the provisions of the Model and such as to determine the concrete application against the Company of the measures laid down in the decree, such conduct being recognised as the performance of 'acts such as to radically undermine the Company's trust in them', or the determination of serious harm for the Company, incurs the provision of dismissal without notice but with severance pay, as indicated by the CNNL.

The type and extent of each of the above sanctions will also be applied taking into account:

- the intentionality of the conduct or the degree of negligence, recklessness or inexperience with regard also to the foreseeability of the event;
- the worker's overall conduct with particular regard to the existence or non-existence of disciplinary precedents of the same, to the extent permitted by law;
- the worker's duties;
- the functional position of the persons involved in the facts constituting the fault;
- other special circumstances accompanying the disciplinary offence.

This is without prejudice to PRE GEL S.p.A.'s prerogative to claim compensation for damages resulting from an employee's violation of the Model. Any damages claimed shall be commensurate to:

- ✓ the level of responsibility and autonomy of the employee committing the disciplinary offence;
- ✓ the existence of any disciplinary record against them;
- ✓ the degree of intentionality of their behaviour;
- ✓ the seriousness of its effects, by which is meant the level of risk to which the Company reasonably believes it was exposed - pursuant to and for the purposes of Legislative Decree No. 231/2001 - as a result of the censured conduct.

5.4. Measures applied against managers

In the event of a breach of the Model by managers, ascertained in accordance with the preceding paragraph, the Company shall take the measure deemed most appropriate against those responsible.

If the breach of the Model breaks the relationship of trust, the sanction is dismissal for just cause.

5.5. Measures against members of the Board of Directors

Upon notice of violation of the provisions and rules of conduct of the Model by members of the Board of Directors, the Supervisory Board shall promptly inform the Board of Statutory Auditors and the

entire Board of Directors. The recipients of the information from the Supervisory Board may, in accordance with the provisions of the Articles of Association, take appropriate measures in order to adopt the most suitable measures provided for by law, including the revocation of any powers delegated to the member or members of the Board of Directors responsible for the violation.

5.6. Measures against statutory auditors

Upon notice of violation of the provisions and rules of conduct of the Model by one or more statutory auditors, the Supervisory Board shall promptly inform the entire Board of Statutory Auditors and the Management Body. The recipients of said information from the Supervisory Board may, in accordance with the provisions of the Articles of Association, take appropriate measures, including, for example, convening the shareholders' meeting, in order to adopt the most appropriate measures provided by law.

5.7. Measures against business partners, consultants, freelance workers.

Violation by business partners, agents, consultants, external freelance workers or other persons having contractual relations with the Company of the provisions and rules of conduct provided for by the Model within the scope of the contractual relations in force with PRE GEL S.p.A. constitutes a breach relevant for the purposes of contract termination, according to appropriately signed clauses.

This is obviously without prejudice to the Company's prerogative to claim compensation for further damages resulting from the violation of the provisions and rules of conduct laid down in the Model by the aforementioned third parties.

CHAPTER 6

6. TRAINING AND COMMUNICATION PLAN

PRE GEL S.p.A., in order to effectively implement the Model, intends to ensure proper dissemination of its contents and principles inside and outside its organisation.

In particular, PRE GEL S.p.A.'s objective is to extend the communication of the contents and principles of the Model not only to its own employees but also to persons who, although not formally qualified as employees, work for the achievement of PRE GEL S.p.A.'s objectives by virtue of contractual relations.

The communication and training activity will be diversified according to the parties to whom it is addressed, but it must in any case be marked by principles of completeness, clarity, accessibility, authoritativeness, capillarity; it must also be periodically repeated in order to allow the various recipients to be fully aware of those corporate provisions they are required to comply with and of the ethical standards that must inspire their conduct.

Communication and training on the principles and contents of the Model are ensured by top management, which identifies the best way to make use of these services (e.g.: training courses, information programmes, dissemination of information material).

The communication and training activities are under the supervision of the Supervisory Board, which is assigned the task, among others, of *'promoting and defining initiatives for the dissemination of knowledge and understanding of the Model, as well as for the training of personnel and raising their awareness of the principles contained in the Model' and of 'promoting and developing communication and training activities on the contents of the decree and the impact of the regulations on the company's activities and rules of conduct'*.

Each employee is required to: (i) acquire awareness of the principles and contents of the Model; (ii) know the operating methods with which their activities must be carried out; (iii) contribute actively, in relation to their role and responsibilities, to the effective implementation of the Model, reporting any shortcomings found in it; (iv) participate in training courses, differentiated according to the different Sensitive Activities.

In order to guarantee an effective and rational communication activity, the Company intends to promote and facilitate employees' knowledge of the contents and principles of the Model, with the degree of detail varying according to the position and role they hold.

Each employee must receive a summary of the fundamental principles of the Model, accompanied by a communication explaining that compliance with the principles contained therein is a condition for the proper conduct of the employment relationship.

The copy signed by the employee of this communication must be kept at the disposal of the Supervisory Board.

Appropriate communication tools will be adopted to update employees about any changes to the Model, as well as any relevant procedural, regulatory or organisational changes.

The Supervisory Board reserves the right to promote any training activities it deems appropriate for the purpose of correctly informing and raising awareness within the company of the issues and principles of the Model.

The activity of communicating the contents and principles of the Model must also be addressed to third parties who have contractually regulated collaborative dealings with PRE GEL S.p.A. or who represent the Company without dependency ties.

CHAPTER 7

7. ADOPTION OF THE MODEL - CRITERIA FOR UPDATING AND ADAPTING THE MODEL

The Board of Directors decides on the updating of the Model and its adaptation in relation to changes and/or additions that may become necessary as a result of:

- ✓ violations of the provisions of the Model;
- ✓ changes in the internal structure of the Company and/or in the way the business activities are carried out;
- ✓ regulatory changes;
- ✓ audit findings.

Once approved, the amendments and the instructions for their immediate application shall be communicated to the Supervisory Board, which, in turn, shall, without delay, make the same operational and promote the correct communication of the contents within and outside the Company.

The Supervisory Board retains, in any case, precise duties and powers with regard to the care, development and promotion of the constant updating of the Model. To this end, it formulates observations and proposals, concerning the organisation and the control system, to the relevant corporate structures or, in cases of particular importance, to the Board of Directors.

It remains, in any case, the exclusive competence of the Board of Directors to decide on updates and/or adjustments to the Model due to the following factors:

- ✓ regulatory changes in the area of the administrative liability of entities;
- ✓ identification of new sensitive activities, or variation of those previously identified, also possibly connected with the start of new business activities;
- ✓ commission of the offences referred to in Legislative Decree 231/2001 by the recipients of the provisions of the Model or, more generally, of significant violations of the Model;
- ✓ detection of deficiencies and/or gaps in the Model's provisions following audits of its effectiveness.

The Model shall, in any case, be subject to periodic review every three years to be decided by resolution of the Board of Directors.