

 	Organizational Model of Management and Control	<b>MOGC_G</b>
	<b>GENERAL PART</b>	Rev. No. 1 of 29/03/2018
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# GENERAL PART

## 1. The Levoni Group

The Levoni Group consists of the companies Levoni S.p.A. and Mec Carni S.p.A. and of Levoni America Corporation based in the U.S.A..

**Levoni S.p.A.** - producer of deli meats and cured meats - at the headquarters in Castelluccio and of prosciutto at the headquarters of Lesignano de 'Bagni and San Daniele del Friuli.

The product offer is aimed at a double type of customers:

- "professional", such as the best delicatessens, butchers and deli stores all over the world;
- "large-scale retail trade", that is supermarkets renowned for the prestige of the quality of the products offered.

The company totally controls **Mec Carni S.p.A.**.

Mec Carni S.p.A. is authorized to process Italian heavy pork, and it is one of the most modern internationally recognized slaughterhouses, specialized in the slaughtering and cutting of pork.

The product offer is addressed to Levoni S.p.A. and to the main salami factories and supermarkets.

**Levoni America Corporation**, for which the provisions contained in the Legislative Decree no. 231/01 do not operate, the Management - in line with the ethical and behavioral provisions expressed in the Code of Ethics - has adopted an anti-corruption plan in order to guarantee compliance with the national and international laws.

## **2 The Mission**

For the companies of the Levoni Group the high quality of the products offered lies at the heart of their business, and it is the constant, essential objective to pursue in order to preserve the productive excellence.

Careful in the inspection of the supply chain and in the selection of the breeds, the commitment which the Group is aimed at is to combining the guarantees and safety standards of industrial systems with the accuracy and attention to the typical product of the artisan process.

The attention to quality characterizes every phase of the life of Companies. At every stage of production: from the acquisition of raw materials to the final product, the companies Levoni S.p.A. and Mec Carni S.p.A. search the quality of products that stand out for their excellent uniqueness through the meticulous, methodical and constant inspection and verification.

*The Levoni Group, sensitive to the need to disseminate and consolidate the culture of transparency and integrity, and aware of the importance of ensuring conditions of fairness in the conduct of business and corporate activities to protect the position and image of the company, expectations of the shareholders and of its contractual counterparties, shall adopt the Organizational Model of Management and Control required by Legislative Decree 231/2001, setting its reference principles.*

## **3. The content of Legislative Decree 231/01**

Implementing the delegation pursuant to art. 11 of the Law of 29 September 2000 no. 300, on June 8, 2001 the Legislative Decree no. 231 (hereinafter referred to as the "Decree"), which came into force on July 4, 2001, with which the Legislator adapted the internal regulations to the international conventions regarding the liability of legal persons. Notably, this is the Brussels Convention of 26 July 1995 on the protection of the financial interests of the European Communities, the Convention signed in Brussels on 26 May 1997 on the fight against corruption involving officials of the European Community or of the Member States, and the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in economic and international transactions.

The Decree, containing *"Discipline of the administrative responsibility of legal entities, companies and associations also without legal personality"*, introduced into the Italian legal system a regime of administrative responsibility (similar to the criminal liability) for institutions (from to be understood as companies, associations, consortia, etc., hereinafter referred to as "Bodies") for crimes that are strictly listed and committed in their interest or advantage:

- **by natural persons who perform functions of representation, administration or management of the Bodies themselves** or of one of their organizational units with financial and functional autonomy, as well as by natural persons who exercise, even de facto, the management and control of the Bodies themselves, namely
- **by natural persons subject to the management or supervision of one of the above-mentioned subjects.** The responsibility of the body is added to that of the natural person, who has materially committed the crime. The provision of the administrative liability referred to in the Decree involves, in the repression of the criminal offenses expressly provided for therein, the bodies that have drawn interest and/or obtained advantage from the commission of the offense.

According to the provisions of Legislative Decree 231/01 and subsequent additions - the administrative responsibility of the body is configured with reference to the following types of offenses:

<b>Crimes committed in relations with the Public Administration</b>	Art. 24 – Leg. Decree 231/01
<b>Computer crimes and unlawful data processing</b>	Art. 24-bis – Leg. Decree 231/01
<b>Offenses of the organized crime</b>	Art. 24-ter – Leg. Decree 231/01
<b>Crimes committed in relations with the Public Administration Concussion and corruption</b>	Art. 25 – Leg. Decree 231/01
<b>Counterfeiting of coins, spending and introduction into the State, by agreement, of counterfeit currency</b>	Art. 25-bis – Leg. Decree 231/01

Offenses against industry and commerce	Art. 25-bis.1 – Leg. Decree 231/01
Corporate crimes	Art. 25-ter – Leg. Decree 231/01
Crimes for the purposes of terrorism or subversion of the democratic order	Art. 25-quater – Leg. Decree 231/01
Female genital mutilation	Art. 25-quater.1 – Leg. Decree 231/01
Crimes against the individual personality	Art. 25-quinquies – Leg. Decree 231/01
Market abuse	Art. 25-sexies – Leg. Decree 231/01
Negligent offenses committed in violation of the accident prevention legislation and the protection of hygiene and health at work	Art. 25-septies – Leg. Decree 231/01
Receipt, money laundering and use of money, goods or benefits of illicit origin, self-laundering	Art. 25-octies – Leg. Decree 231/01
Crimes regarding the infringement of copyright	Art. 25-novies – Leg. Decree 231/01
Inducing another person to not make statements or to make false statements to the judicial authority	Art. 25-decies – Leg. Decree 231/01
Environmental crimes	Art. 25-undecies – Leg. Decree 231/01
Offense of employment of third-country nationals who are illegally staying	Art. 25-duodecies – Leg. Decree 231/01

Attempted crimes

Art. 26– D.Lgs. 231/01

Administrative responsibility of the bodies operating in the virgin olive oil supply chain

Art.12 L.9/2013

Transnational crimes

L.146/06

### 3.1 The condition relieving the Body of the administrative responsibility

Once established the administrative responsibility of the Bodies, the art. 6 of the Decree establishes that the body does not respond in the case in which it demonstrates to have adopted and effectively implemented, before the commission of the fact, "*organizational models of management and control suitable to prevent crimes of the kind that occurred*".

The same rule also provides for the establishment of a control body within the entity with the task of monitoring the operation, effectiveness and observance of the aforementioned models, as well as ensuring that they are updated.

These models of organization, management and control (hereinafter referred to as the "Models"), pursuant to art. 6, paragraphs 2 and 3 of Legislative Decree 231/01, must meet the following requirements:

- **Identify the activities in which the offenses envisaged by the Decree may be committed.**
- **Provide specific protocols aimed at planning the formation and implementation of the body's decisions in relation to the crimes to be prevented.**
- **Identify ways to manage financial resources to prevent the commission of such offenses.**
  - **Provide information duties to the body responsible for overseeing the functioning and compliance of the models.**
- **Introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.**



Where the offense is committed by persons who perform representative, administration or management roles of the body or of one of its organizational units with financial and functional autonomy, as well as by subjects who exercise, even de facto, the management and control of the same, the body does not respond if it proves that:

- **The governing body has adopted and effectively implemented a Model suitable to prevent crimes of the kind that occurred before the commission of the fact.**
- **The task of supervising the functioning and observance of the Model and of updating it has been entrusted to a body of the body with autonomous powers of initiative and control.**
- **The subjects have committed the crime by fraudulently eluding the Model.**
- **There was no omitted or insufficient supervision by the control body regarding the Model.**

If, on the other hand, the offense is committed by parties subject to the direction or supervision of one of the above-mentioned subjects, the body is responsible if the commission of the offense has been made possible by the non-observance of the management and supervision duties.

This non-compliance is, in any case, excluded if the body has adopted and effectively implemented a Model suitable for preventing crimes of the kind that occurred before committing the offense.

Finally, article 6 of the Decree provides that the organizational and management models can be adopted on the basis of codes of conduct drawn up by representative associations of the category, communicated to the Ministry of Justice, which, in consultation with the competent Ministries will be able to make observations on the suitability of the models to prevent crimes within 30 days.

### **3.2 The guidelines of Confindustria**

By express legislative provision (Article 6, paragraph 3, Legislative Decree 231/2001), the organizational and management Models can be adopted on the basis of codes of conduct

drawn up by the representative associations of the bodies, communicated to the Ministry of Justice.

The Group adheres to the Guidelines issued by Confindustria on March 31, 2008 (updated in March 2014), for the "*construction of the Organizational Models of Management and Control pursuant to Legislative Decree No. 231/01*".

On 9 April 2008, the Ministry of Justice approved these Guidelines, considering that the update made should be considered "*overall adequate and suitable for achieving the purpose set by art. 6 of the Decree*".

The Confindustria Guidelines indicate a path that can be summarized as follows:

- identification of risk areas, in order to highlight the company functions within which it is possible to carry out the prejudicial events provided for by the Decree.
- Preparation of a control system able to prevent risks through the adoption of appropriate protocols.

The most important components of the control system devised by Confindustria are:

- **Code of Ethics**
- **Organizational system**
- **Manual and computer procedures**
- **Authorization and signature powers**
- **Control and management systems**
- **Communication to staff and their training.**

The components of the control system must be inspired by the following principles:

- **Verifiability, documentability, consistency and congruence of each operation**
- **Application of the principle of segregation of tasks**
- **Documentation of inspections**
- **Setting up of an adequate system of sanctions for the violation of the rules of the Code of Ethics and of the procedures.**

Identification of the requirements of the Supervisory Body, which can be summarized as follows:

- **Autonomy and independence**

- **Professionalism**
- **Continuity of action**
- **Forecast of how to manage financial resources Information duties of the control body**

Failure to comply with specific points of the aforementioned Guidelines does not invalidate the Model. In fact, the Model adopted by the Body must necessarily be drawn up with specific reference to the concrete reality of the company, and therefore it can also deviate from the Confindustria Guidelines, which, by their nature, are general.

These guidelines as a natural point of reference for the models of the individual companies are however enclosed to form an integral part of this model in the most up-to-date available version.

## **4. Adoption of the Organizational Model of Management and Control**

### **4.1 Objectives and aims pursued with the adoption of the Model**

Group companies are sensitive to the need to ensure fairness and transparency in the conduct of business and corporate activities. To this end, although the adoption of the Model is prescribed by law as optional and not mandatory, the Levoni Group has launched a Project to analyze its organizational, management and control tools, aimed at verifying the compliance of the behavioral principles and procedures already adopted for the purposes of the Decree.

This initiative was taken in the belief that the adoption of the Model can be a valuable tool to raise awareness of all those who work in the name and on behalf of companies, so that they behave in a correct, logical way in the performance of their activities, such as to prevent the risk of committing the offenses provided for by the Decree itself.

In particular, through the adoption of the Model, the Companies propose to pursue the following main purposes:

- to determine in all those who work in the name and on behalf of the companies Levoni S.p.A. and Mec Carni S.p.A. in the areas of activities at risk, the awareness of

being able to incur, in case of violation of the provisions contained therein, in the commission of offenses punishable by penal sanctions inflicted against their own, and administrative sanctions to be imposed on companies.

- To reiterate that such forms of unlawful conduct are strongly condemned by companies, since they (even if the companies were apparently in a position to take advantage of them) contravene - in addition to the provisions of the law - also the "Code of Ethical Behavior" with which the companies intend to comply with the exercise of their respective activities.

- To allow companies, thanks to a monitoring action on the areas of activities at risk, to intervene promptly to prevent or oppose the commission of the crimes.

With a view to the implementation of a program of systematic and rational interventions for the adaptation of their organizational and control models, the companies have prepared a map of the company activities and have identified the so-called "risk" activities within their scope, i.e. those that, by their nature, are among the activities to be analyzed and monitored in the light of the provisions of the Decree.

Following the identification of "risk" activities, the Group deemed it appropriate to define the reference principles of the Organizational Model which it intends to implement, taking into account - in addition to the provisions of the Decree - the guidelines developed in this regard by the trade associations.

The Group undertakes to continuously monitor its activities both in relation to the aforementioned crimes and in relation to the regulatory expansion to which Decree 231 may be subject. Should the relevance of one or more of the crimes mentioned above arise, or any new offenses that the Legislator will consider to include under Decree 231, the Companies will evaluate the opportunity to integrate this Model with new control measures and/or new Special Parts.

#### 4.2 Key elements of the Model

With reference to the "needs" identified by the legislator in the Decree, the key points identified by the company in defining the Model can be summarized briefly as follows:

- **Map of “sensitive” company activities** or those in which, by their nature, the crimes referred to in the Decree may be committed and, therefore, to be subjected to analysis and monitoring.
- **Analysis of existing protocols and definition of any implementations** aimed at guaranteeing the control principles with reference to "sensitive" company activities.
- **Methods of managing financial resources** suitable for preventing the commission of offenses.
- **Identification of the Supervisory Body** (hereinafter also the "Body" or "SB"), role attributed to external professionals in the company, and the assignment of specific supervisory tasks to the effective and correct functioning of the Model.
- **Definition of information flows toward the Body.**
- **Information, awareness and dissemination activities** at all company levels of the established behavioral rules and procedures.
- **Definition of responsibilities** in the approval, incorporation, integration and implementation of the Model, as well as in the verification of the functioning of them and of the company conduct with relative periodic updating (ex-post control).

It is noted, however, that the Organizational Model set forth in the Legislative Decree 231/01 does not constitute anything new for the Companies of the Group, since the activities carried out are substantially characterized by their own particularly rigorous control system based on implementation and implementation of Quality, Environment and Safety Management Systems in accordance with the standards:

- **UNI EN ISO 9001:2015**
- **LEGISLATIVE DECREE 81/08**
- **LEGISLATIVE DECREE 152/2006**

Integral part of the Model 231.

Furthermore, the Company has adopted the Code of self-regulation of personal data with which it intends to ensure that the processing of personal data takes place in accordance with Legislative Decree no. 196/03 supplemented by EU Reg. 679/2016.

A response was then made to the internal organizational structures already active and operating to verify their compliance, even formal, with the provisions of Legislative Decree 231/01, and to integrate the already existing Management Systems into the Organizational Model 231.

### **4.3 Model, Code of Ethics and Disciplinary System**

The Group has deemed it appropriate to formalize the ethical principles which the companies are inspired to daily in the management of corporate activities within a Code of Ethical Behavior, also considering the behavior that may lead to the commission of the offenses laid down in the Decree.

The objectives that the Companies of the Group intend to pursue through the definition of the Code of Ethics can be summarized as follows:

- **to base the relations with third parties, notably with the Public Administration, on principles of fairness and transparency.**
  
- **To draw the attention of employees, collaborators, suppliers, and, in general, of all operators, on the timely compliance with the laws in force, the rules set forth in the Code of Ethics, as well as the procedures to oversee corporate processes.**
  
- **To define a disciplinary system suitable to sanction failure to comply with the measures indicated in the Model.**

The reference principles of the Model are integrated with those of the Code of Ethical Behavior adopted by the Group, although the Model, for the purposes that it intends to pursue in specific implementation of the provisions of the Decree, has a different scope with respect to the aforementioned Code.

In fact, from this standpoint it should be specified that:

- the Code of Ethical Behavior is general in scope, as it contains a series of principles of "business ethics" that the Levoni Group recognizes as its own and on which it intends to recall the observance of all its employees and all those who cooperate in pursuit of business goals.
- The Code of Ethical Behavior refers to the disciplinary system of the Companies that can sanction the failure to comply with the measures indicated in the Model, provided for in art. 6, par. 2, letter e) of the Decree.
- The Model responds, instead, to specific provisions contained in the Decree, aimed at preventing the commission of particular types of offenses - for facts that, committed in the interest or to the advantage of the company, may result in administrative liability based on the provisions of the Decree.

#### **4.4 Approval and implementation of the reference principles of the Model and of the Code of Ethics**

Since the Model is an *"act of issuance of the governing body"* (in compliance with the provisions of Article 6, paragraph 1, letter a) of the Decree), the responsibility of approving and adopting it is left to the Boards of Directors of the Companies, by means of a specific resolution.

Likewise, the Code of Ethical Behavior was also approved by resolution of the Boards of Directors of Levoni S.p.A and Mec Carni S.p.A. as an integral part of the Organizational Model to which it is enclosed.

### **5. Potential risk areas and instrumental processes**

The activities considered relevant for the purpose of preparing the Model are those that, following a specific risk analysis, have manifested risk factors related to the commission of

violations of the penal provisions indicated by Legislative Decree 231/01 or, in general, by the Code of Ethical Behavior of the Group Companies.

The risk analysis has been structured in such a way as to evaluate for each phase of the processes, which may be those potentially at risk relative to the individual articles of Legislative Decree 231/01.

In this sense, the following table has been created in order to evaluate these aspects and define their priorities of intervention.

	Probability "P"	Severity "S"	Score
<b>Frequent</b>	<b>≥ 30%</b>	<b>High</b>	<b>5</b>
<b>Probable</b>	<b>5% ≤ P &lt; 30%</b>	<b>Serious</b>	<b>4</b>
<b>Occasional</b>	<b>1% ≤ P &lt; 5%</b>	<b>Medium</b>	<b>3</b>
<b>Remote</b>	<b>0.01% ≤ P &lt; 1%</b>	<b>Low</b>	<b>2</b>
<b>Improbable</b>	<b>&lt; 0.01%</b>	<b>Negligible</b>	<b>1</b>

<b>P x S</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>1</b>	1	2	3	4	5
<b>2</b>	2	4	6	8	10
<b>3</b>	3	6	9	12	15
<b>4</b>	4	8	12	16	20
<b>5</b>	5	10	15	20	25

**Se P x S**    **0 – 5**    No action

**Se P x S**    **6 – 10**    Required action within one year



Se P x S **11 – 16** Required action within 6 months

Se P x S **17-25** Required action within 3 months

The main areas of activity potentially at risk are listed in the special parts of this Model.

It is specified that the crimes referred to in art. 25-septies of the Decree (manslaughter and serious or very serious bodily injury committed with violation of the rules on health and safety at work) by their nature can be referred to all areas of the company. Therefore, the companies have adopted a common company policy in the field of occupational health and safety and the prevention and protection structures required by the relevant legislation (Law 123/2007 and Legislative Decree 81/08 and subsequent amendments).

## 5.1 Principles of control in potential areas of activity at risk

As part of the development of the activities for defining the protocols necessary to prevent the type of risk/offense, the main processes were identified, based on the knowledge of the internal structure and the company documentation, under processes or activities in which in principle, offenses could occur or the opportunities or the means for their execution could arise.

With reference to these processes, the management and control system in place was focused under the processes or activities, focusing the analysis on the presence/absence within the same of the following control elements:

- **behavioral rules:** existence of behavioral rules suitable to guarantee the exercise of corporate activities in compliance with the laws, regulations and integrity of the company assets.
  
- **Procedures:** existence of internal procedures to oversee the processes in which the types of offenses set forth in the Legislative Decree 231/01 could occur or within which the conditions, opportunities or means of committing the same crimes could arise. The minimum characteristics that have been examined are:
  - definition and regulation of the procedures and timing of activities.

- Traceability of deeds, transactions and transactions through adequate documentation that certify the characteristics and motivations of the transaction and identify the various subjects involved in the transaction (authorization, execution, registration, verification of the transaction).
  - Clear definition of responsibility for activities.
  - Existence of objective criteria for carrying out company decisions.
  - Appropriate formalization and dissemination of the company procedures under consideration.
- **Segregation of duties:** a correct distribution of responsibilities and the provision of adequate authorization levels, in order to avoid functional overlaps or operational allocations that concentrate critical activities on a single subject.
  - **Authorization levels:** clear and formal assignment of powers and responsibilities, with explicit indication of the business limits in line with the tasks assigned and with the positions held within the organizational structure.
  - **Audit activities:** existence and documentation of control and supervision activities performed on company transactions.
  - **Monitoring activities:** existence of security mechanisms that guarantee adequate protection/access to company data and assets.

Specifically, the control systems in place for each highlighted corporate/process area are summarized in the special parts of this Model.

## 6. Recipients of the Model

The rules contained in the Model apply to those who perform, even de facto, management, administration or control functions in the Group Companies, to employees, collaborators, as well as to those who - although not belonging to the Companies - operate according to their mandate or they are linked to the companies by relationships of continuity.

The Companies of the Group shall notify this Model through suitable methods to ensure its effective knowledge by all the Collaborators.

The subjects whom the Model is addressed to are obliged to promptly comply with all the provisions, also in fulfillment of the duties of loyalty, correctness and diligence that arise from the legal relationships established with the Companies.

Levoni Group condemns any behavior that is different from the provisions of the Model and the Code of Ethical Behavior, as well as the law, even if the behavior is carried out in the interest of the Company or with the intention of giving it an advantage.

## 7. Supervisory Body (SB)

### 7.1 Requirements

Article. 6, paragraph 1, letter b) of Legislative Decree no. 231/01 identifies the establishment of a Supervisory Body, as a requirement for the entity to be relieved of the "administrative" responsibility depending on the commission of the offenses specified in the Legislative Decree. The requirements that the control body must meet for an effective performance of the aforementioned functions are:

- **Autonomy and Independence:** the Supervisory Body must have no operational duties and must have staff relations only - as will be better described later - with the company's operational top management and with the Boards of Directors of the Companies.
  
- **Professionalism** in carrying out its institutional duties; for this purpose the members of the above-mentioned body must:
  - have knowledge of the company organizations and the main business processes typical of the sectors in which the companies operate;
  - have specific knowledge in relation to any technique useful to prevent the commission of crimes, to discover those already committed and identify the causes, as well as to verify compliance with the models by the members of the company organization;

- have the ability to identify and evaluate the impacts, descending from the reference regulatory context, on the company's business;
  - knowledge of the principles and techniques of the activity performed by the Internal Audit.
- 
- **Continuity of action** in order to guarantee the constant monitoring and updating of the Model and its variation as the reference company conditions change.

## 7.2 Identification

In consideration of the characteristics outlined above, the specific nature of the tasks assigned to the Supervisory Body, as well as the current organizational structure adopted by the Companies, it is considered appropriate to identify and regulate this body as follows:

- The Supervisory Body has a collegial structure and is composed of a minimum of two and a maximum of five members.
- The Boards of Directors of the Companies, in order to ensure the presence of the aforementioned requirements, periodically assess the adequacy of the Supervisory Body in terms of the organizational structure and powers conferred, making the amendments and/or additions deemed necessary.
- The Supervisory Body is configured as a staff unit in a top position, reporting directly to the Directors.
- The functioning of the Supervisory Body is governed by a specific Regulation, prepared by the Body itself and approved by the Boards of Directors. This regulation establishes, inter alia, the functions, powers and duties of the Body, as well as information flows to the Boards of Directors. In this regard, each activity of the Supervisory Body is documented in writing and every meeting or inspection in which it participates is duly recorded.

### 7.3 Appointment

The Boards of Directors of the Companies jointly provide for the appointment of members of the Supervisory Body. The term of office of the members of the Supervisory Body is established by the Boards of Directors of the Companies. The Supervisory Body defines and carries out the activities of competence according to the rule of collegiality and is equipped pursuant to art. 6, paragraph 1, letter b), of Legislative Decree 231/01 of *"independent powers of initiative and control"*.

### 7.4 Functions and powers of the Supervisory Body

Under the text of Legislative Decree 231/01, the functions performed by the Supervisory Body can be summarized as follows:

- **supervision of the effectiveness of the Model**, which consists in verifying the consistency between concrete behavior and the established Model.
- **Evaluation of the adequacy of the Model**, i.e. of its suitability, in relation to the type of activity and the characteristics of the company, to reduce to an acceptable level the risks of committing crimes. This imposes an activity of updating the models both to the changed organizational business and to possible changes of the law in question.

The update can be proposed by the Supervisory Body, but must be adopted - as already mentioned - by the administrative body.

Notably, the duties of the Supervisory Body are defined as follows:

- **to supervise the effectiveness of the Model by implementing the control procedures provided for.**
- **To verify the effectiveness in preventing illicit behaviors.**
- **To verify the maintenance, over time, of the requisites required by promoting, if necessary, the necessary update.**

- **To promote and contribute, in liaison with the other interested units, to the continuous updating and adaptation of the Model and of the monitoring system on its implementation.**
- **To ensure the information flows of competence.**
- **To ensure the implementation of scheduled and unscheduled inspections.**
- **To report the violation of the Model to the competent functions, and to monitor the application of disciplinary sanctions.**

In carrying out its functions, the Supervisory Body shall be entitled to:

- **issue provisions and service orders to regulate the activity of the Supervisory Body.**
- **Access any company document relevant for the performance of the functions assigned to the Supervisory Body pursuant to Legislative Decree no. 231/01.**
- **Resort to external consultants with proven professionalism in cases where this is necessary for carrying out verification and audit activities or for updating the Model.**
- **Provide that the corporate Functional Managers promptly provide the information, data and/or news required to identify aspects related to the various business activities relevant to the Model.**

The Supervisory Body may be convened at any time by the Boards of Directors and may, in turn, request to be heard at any time, in order to report on the performance of the Model or on specific situations.

## **7.5 Information flows of the SB toward the top management**

### **Delegation system**

The documents relating to the system of proxies and powers in force in the Companies must be transmitted and kept constantly updated to the SB.

### **Reports of company's representatives or third parties**

At the same time, the SB must be made aware of any information, of any kind, that is judged relevant to the implementation of the Model in the areas of activities at risk as identified in the Model.

The obligation mainly concerns the results of the activities carried out by the companies, as well as any atypicalness and anomalies found.

The following provisions shall apply in this regard:

- The reports relating to possible hypotheses of commission of offenses provided for by the Decree must be collected or, in any case, of conducts not in line with the rules of conduct adopted by the Companies.
- The Supervisory Board will evaluate the reports received and will adopt the consequent measures, after having listened, if deemed appropriate, to the author of the report and the person responsible for the alleged violation.
- The reports may be made in writing and refer to any violation or suspected violation of the Model and the company procedures adopted. The Supervisory Body will act in such a way as to guarantee the reporting agents from any form of retaliation, discrimination or penalization, while also ensuring the absolute confidentiality of the identity of the reporting party.

In addition to this, all information presenting relevant elements in relation to the supervisory activity must be transmitted to the SB, such as for example:

- Measures or information from police bodies or any other authority from which the investigation of the offenses referred to in the Decree is made.

- All requests for legal assistance made by the companies.
- Any request for the granting of public funds under management or for obtaining forms of financing of the funds already under management.
- The information concerning the implementation, at all company levels, of the organizational Model with evidence of the disciplinary proceedings undertaken and of any sanctions imposed, or of the measures for the filing of these proceedings.

With regard to the disclosure requirements, the following provisions apply in this regard:

- All reports relating to the commission of offenses envisaged by the Decree and to behavior not in line with the rules of conduct adopted must be collected.
- The inflow of reports must be channeled toward the SB of the Companies.
- The SB, after evaluating the reports received, after hearing the parties involved - the author of the report and allegedly responsible for the violation - shall determine the appropriate provisions.
- The reports must be formalized in writing.
- They must concern any violation or suspected violation of the Model.

The Supervisory Board is responsible for guaranteeing reporters against any form of retaliation, discrimination or penalization, also ensuring the confidentiality of the identity of the reporting person and the protection of the rights of the company or of the persons wrongly accused and/or accused in bad faith.



## 8. The Whistleblowing System

The companies of the Levoni Group entrust every employee and collaborator with the obligation to promptly report any news, of which they became aware, about possible violations to laws of law or company or otherwise of illicit nature or constituting a fraud or an act contrary to the Code of Ethics and the Organisational Management Model to the direct boss or to the SB of the respective companies, directly or with the tools that the company makes available. In addition to the offenses constituting the crimes provided for by the Decree, by way of example the following ones constitute wrongdoing that can be reported:

- falsification or alteration of documents;
- falsification or manipulation of accounts and intentional omission of records, events or data;
- destruction, concealment or improper use of documents, files, archives, equipment and business tools;
- allocation of a sum of money or granting of other benefits to a public official as counterpart for the function performed or for the omission of an act of office (e.g. failure to raise a statement of objection for tax irregularities);
- acceptance of money, goods, services or other benefits as incentives to favor suppliers/companies;
- falsification of timesheets;
- disclosure of confidential information owned by the Levoni Group to external parties including competitors;
- falsification of laboratory analyses.

It remains the mandatory power of the whistleblower to forward an alert anonymously or through their own identity. In any case, it is the main duty of the recipient of the report (Head of Function or Supervisory Body 231) to take all measures aimed at ensuring the confidentiality of the identity of the whistleblower and the protection of the data of the person accused in a whistleblower report and third parties, without prejudice to law. To this end the Companies Levoni S.p.a. and Mec Carni S.p.A. make specific reporting channels and technical platforms available to employees that promote the protection of data of the whistleblower in good faith, the person accused in a whistleblower report and third parties.

The protection of the identity of the person accused in a whistleblower report is no longer valid, in the case of reports that should be manifestly unfounded and deliberately preordained with the aim of damaging the signalled or the Company.

The performance of retaliation or discriminatory acts against the author of the report in good faith or whoever collaborates in the verification process of an unlawful event constitutes a serious disciplinary violation.

## **8.1 Complaints that do not count as whistleblowing**

Whistleblowing - even when anonymous - must always have a content from which a loyal spirit of participation in the control and prevention of harmful facts of the general interests emerges.

Anonymity can not in any way represent the tool to give vent to disagreements or conflicts between employees.

It is also **prohibited**:

- to use abusive phrases;
- to forward any reports with purely defamatory or calumnious purposes;

to forward reports that exclusively concern aspects of private life, without any direct or indirect connection with the company activity. Such reports will be considered even more serious when referring to sexual, religious, political and philosophical habits and orientations.

## **8.2 Content of whistleblowing**

The whistleblower is obliged to provide all the elements known to them, useful to verify, with the necessary checks, the facts reported. In particular, the report must contain the following key elements:

- A. *Subject*: a clear description of the facts subject to whistleblowing is required, with indication (if known) of the circumstances of time and place where the facts have been committed/omitted.
- B. *The person accused in a whistleblower report*: the whistleblower must report the personal data or any other elements (such as the function/role of the company) that allow an easy identification of the alleged offender of the unlawful behavior.

Furthermore, the whistleblower may report the following additional elements:

- their own personal details, if they do not intend to avail themselves of the faculty of anonymity;
- the indication of any other individuals who can report on the facts narrated;
- the indication of any documents that can confirm the validity of these facts;
- any other information that can facilitate the collection of evidence on what is reported.

### **8.3 Whistleblowing Supervisor**

Anyone who receives a report by any means, unless it has been directly sent to the SB, shall forward it to their Head of Function, or to the CEO, either directly or through the dedicated channel. The Manager of the Management Function, or the Chief Executive Officer shall performs the preliminary evaluation to assess its possible validity, and shall immediately notify the Supervisory Body if the reported facts represent direct or indirect risks of violation of the Organisational Model.

The Head of Function, or the Chief Executive Officer, in agreement with the IT Manager, ensures the security measures necessary for data protection.

### **8.4 Whistleblower protection**

The system for the protection of reports of violation of the provisions of the law, the code of ethics and the Model is considered a fundamental tool for the application of the crime prevention system.

Therefore, an employee who whistleblows a violation of the Organisational Model, even if not constituting a crime, must not in any way be at a disadvantage for this action, regardless of whether or not their report was found to be legitimate.

An employee who believes that he/she has been discriminated against in his/her activity following the whistleblowing of a violation of the Organisational Model, must use internal company procedures - compliant with the law - designed to resolve and reconcile the disputes of the personnel.

The companies of the Levoni Group are committed to providing a work environment free of discrimination and harassment and expects all employees to do everything possible to maintain this type of work environment.

The companies of the Levoni Group shall not tolerate harassment of an employee by no one.

Disciplinary actions will be taken against anyone who implements discriminatory actions or harasses any employee who reports a violation of the Model.

An employee whistleblowing a violation of the Model or sending an accusation either false, or presented by means other than those recognised by the protection system, shall not be entitled to the protections offered by the latter.

Disciplinary procedures shall be started against anyone who intentionally raises false or irregular accusations.

The internal procedures of Levoni S.p.A. and Mec Carni S.p.A. provide a system for the protection of whistleblowers conforming to this model, whose supervisor is the SB.

The Companies encourage all employees who wish to raise an issue concerning a violation of the Model, to discuss it with their Head of Function before following the normal Whistleblowing procedures, except for obvious contraindications.

It is expected that in the majority of cases, the Head of Function or the Chief Executive Officer will be able to solve the problem informally. To this end, the Function Managers or the Managing Director must consider all the concerns raised in a serious and complete manner and, where necessary, seek advice from the SB and other relevant figures and/or carry out thorough investigations, in compliance with their own duties.

If the report fails, or the employee feels uncomfortable presenting the report to the function manager, the employee must contact the SB.

Consultants and Partners - in relation to the activity carried out with Levoni S.p.A. and Mec Carni S.p.A. - shall directly report to the SB.

## **9. Information, training and updating**

In order to promote a business culture inspired by the respect of legality and transparency, the Companies ensure the wide dissemination of the Model and its effective knowledge by those who are obliged to respect it.

A copy of the Model - as well as a copy of every modification and update - is delivered, as well as to all members of the Boards of Directors and to each member of the Supervisory

Body, to each employee and to each person required to comply with the provisions of the Model.

A copy of the Model, in electronic format, is also included in the company server, in order to allow employees a daily consultation, and published on the Company's website in order to make it available to all interested parties.

Prior to entry into service the newly hired employees will receive a copy of the Model.

The adoption of the Model and its subsequent amendments and additions are brought to the attention of all the subjects with whom the companies entertain relevant business relationships..

Each year, the companies prepare a training program for their employees and top managers, so that the complete acquisition of the contents of the Management Model is guaranteed.

## **10. Sanctioning, disciplinary and civil-law system**

Article. 6, paragraph 2, letter e) and the art. 7, paragraph 4, letter b) of the Legislative Decree 231/01 establish, with reference to both senior managers and subjects under the control of others, the required preparation of *"a disciplinary system suitable to punish failure to comply with the measures indicated in the Model"*.

The effective implementation of the Model and of the Code of Ethical Behavior can not disregard the preparation of an adequate system of sanctions, which plays an essential role in the system of Legislative Decree 231/01, constituting - in fact - the protection for internal procedures.

In other words, the provision of an adequate system - which is suitable to penalize violations of the provisions and organizational procedures referred to in the Model - represents a qualifying element of the same and an essential condition for its concrete operation, application and compliance by all Recipients.

In this regard, it is appropriate to point out that **the application of sanctions is independent of the actual commission of a crime and the possible establishment of a criminal proceeding**: the purpose of the sanctions provided here is, in fact, to repress any violation of the provisions of the Model purposes of preventing criminal offenses, promoting in company personnel and in all those who collaborate in any way with the companies, the awareness of the firm will of the latter to pursue any violation of the rules to oversee the proper performance of the assigned duties and/or tasks.

Therefore, the applicable disciplinary system, in case of violation of the provisions of the Model, is aimed at making effective and effective the adoption of the same and the action of the SB, this also in virtue of the provisions of art. 6 of the Decree.

The fundamental requirement of the penalties is their proportionality with respect to the detected violation, proportionality that will have to be evaluated in accordance with three criteria:

- **Severity of the violation.**
- **Type of employment relationship established** with the lender (subordinate, quasi-subordinate, managerial, etc.), taking into account the specific regulations that exist at the regulatory and contractual level.
- **Any relapse.**

## **10.1 Violation of the Model**

For the purposes of compliance with Legislative Decree 231/2001, by way of example, the following ones constitute a violation of the Model:

a) The implementation of actions or behaviors that do not comply with the provisions of the Model, or the omission of actions or behaviors prescribed by the Model, in carrying out activities in which the risk of commission of offenses occurs (i.e. in so-called sensitive processes) ) or activities related to these.

b) The implementation of actions or behaviors that do not comply with the principles contained in the Code of Ethical Behavior, or the omission of actions or behaviors prescribed by it, in the performance of sensitive processes or activities related to these.

The following are the penalties provided for the various types of Recipients.

## **10.2 Measures against the Administrative Body**

The Companies rigorously evaluate the infringements of this Model carried out by those who represent the top management of the companies and show their image to employees, shareholders, creditors and the public. The formation and consolidation of a business ethics sensitive to the values of fairness and transparency presupposes, first of all, that these values are acquired and respected by those who guide company decisions, in order to be an example and stimulus for all those who, at any level, operate for the Companies.

In case of violation of the Model by the Directors, the SB will take the appropriate measures including, for example, the convening of the shareholders' meeting in order to adopt the most appropriate measures provided for by the law and/or the revocation of proxies the Directors have been entrusted with.

In any case, the companies' right to propose liability and compensation actions will not be affected.

## **10.3 Measures and sanctions against employees**

Failure to comply with the procedures described in the Model adopted by the Companies of the Group, pursuant to Legislative Decree 231/2001, implies the application of disciplinary sanctions identified for the Recipients to be applied in compliance with the procedures set forth in art. 7 of the Law 300/1970.

If one or more of the violations indicated in the previous paragraph is ascertained, due to its seriousness and possible recurrence, the following disciplinary measures are imposed on the basis of the specific Collective Labour Agreement of the applied category:

- **Verbal warning**
- **Written warning**
- **Fine of no more than three hours of pay**

- **Suspension from work and salary up to a maximum of 3 days**
- **Dismissal without notice**

The imposition of disciplinary sanctions will take place in compliance with the procedural rules set forth in art. 7 Law 300/1970 and referred to in the current Collective Labour Agreement, according to a proportionality principle (based on the seriousness of the violation and taking into account the relapse).

In particular, the type and extent of each of the aforementioned sanctions will be applied in relation to:

- Intentional behavior or degree of negligence, imprudence or inexperience with regard also to the predictability of the event.
- The overall behavior of the worker with particular regard to the existence or otherwise of previous disciplinary provisions of the same, within the limits permitted by law.
- Worker's duties.
- The functional position of the people involved in the facts constituting the misdeed.
- The violation of the Company's internal laws, regulations and regulations.
- Other specific circumstances that accompany the disciplinary violation.

In any case, the SB shall always be notified of the sanctions imposed and/or of the ascertained violations.

#### **10.4 Measures and sanctions against subjects having contractual relations with the company**

Failure to comply with the rules indicated in the Model adopted by the Company pursuant to Legislative Decree 231/2001. by suppliers, collaborators, external consultants, partners having contractual/commercial relations with the Companies, can determine, in accordance with what is regulated in the specific contractual relationship, the termination of the related contract, without prejudice to the right to request compensation for damages incurred as a result of these behaviors, including the damages caused by the application by the Judge of the measures provided for by Legislative Decree 231/2001.



## **11. Modification, implementation and verification of the Model performance**

### **11.1 Modification and additions to the reference principles of the Model**

The Boards of Directors of the Companies provide, in concert, to carry out the successive and eventual modifications and integrations of the principles of reference of the Model, in order to allow the Model to comply with the requirements of the Decree and any changes in the structure of the Bodies.

### **11.2 Implementation of the Model and implementation of controls on areas of activity at risk**

The Boards of Directors, jointly, provide for the implementation of the Model, through evaluation and approval of the actions necessary for the implementation of the fundamental elements of the same; for the identification of these shares, the members of the Boards of Directors avail themselves of the support of the Supervisory Body.

The Directors of the Companies must also guarantee, also through the intervention of the Supervisory Body, the updating of the Model, in relation to the needs that may become necessary in the future.

The effective and concrete implementation of the Model resolved by the Directors is verified by the Supervisory Body, in exercising the powers of control which it has been entrusted with on the activities performed by the individual corporate functions in the areas at risk.

