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## Organisational Model Legislative Decree 231/2001

### GENERAL PART

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### Extract

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REV.	DATE	APPROVED	NOTES
1.0	28/07/2020	Board of Directors	

**SUMMARY**

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## DEFINITIONS

For the purposes of the Organisation, Management and Control Model *pursuant to* Legislative Decree 231/2001, unless otherwise specified, the terms listed below shall have the meaning ascribed to each of them below:

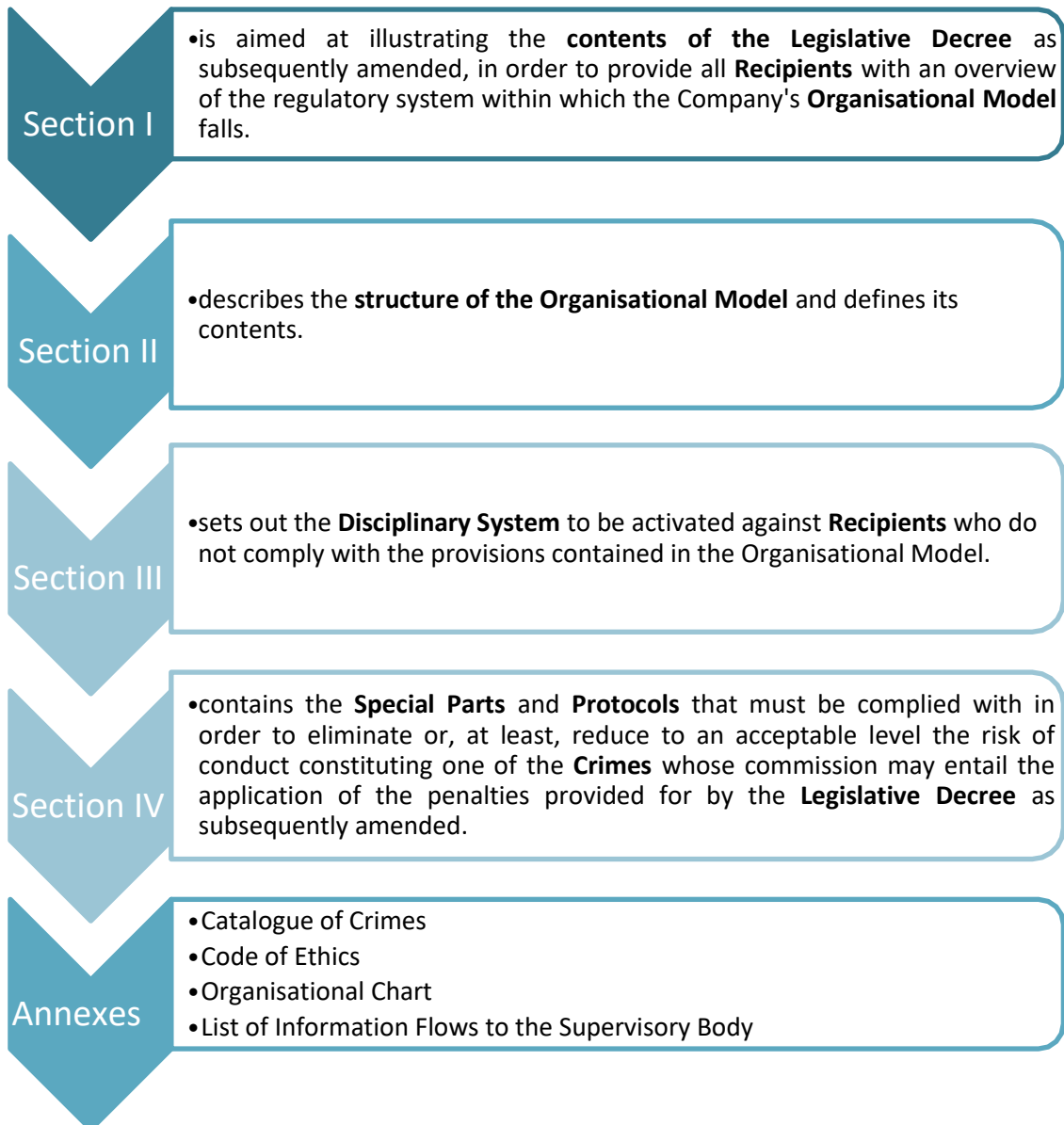
- **Legislative Decree:** Legislative Decree no. 231 of 8 June 2001, entitled "*Regulation of the administrative liability of legal entities, companies and associations, including those without legal personality, pursuant to Article 11 of Law no. 300 of 29 September 2000*", published in the Official Journal no. 140 of 19 June 2001, as subsequently amended, including Law no. 146/2006, which refers to its application in Article 10.
- **Recipients:** subjects to whom this Organisational Model of **L&S Italia S.p.A.** is addressed and who are required to comply with it.
- **Entity:** legal entity, company or association, even without legal personality. In this Organisational Model: **L&S Italia S.p.A.** (hereinafter also referred to briefly as '**L&S**' or "**Company**").
- **Responsible function:** Function appointed to perform specific functions or carry out specific acts in relation to one or more **Processes at Risk**.
- **Organisational Model:** Organisation and Management Model adopted by the Company, as provided for in Articles 6 and 7 of the **Legislative Decree**, as an organic set of principles, rules, provisions, organisational schemes and related tasks and responsibilities, aimed at preventing the crimes referred to in the said **Legislative Decree**. In particular, the Organisational Model means, jointly, the General Part, the Special Parts and the Protocols.
- **Supervisory Body (SB):** Body provided for in Article 6 of the **Legislative Decree**, with the task of supervising the operation of and compliance with the Organisational Model, as well as ensuring that it is updated.
- **Special Part:** document containing an indication of the **Crimes** that may be committed in the **Processes at Risk**, the **Principles of Conduct** and the information flows to the **Supervisory Body** in relation to the **Processes at Risk**.
- **Principles of Conduct:** general principles of conduct to which the **Addressees** must adhere when carrying out the activities provided for in the **Organisational Model**.
- **Processes at Risk:** company activities or phases thereof, the performance of which could give rise to unlawful conduct (crimes or administrative offences) as referred to in the **Legislative Decree**.
- **Protocol:** document adopted by the Company aimed at preventing the crimes and administrative offences referred to in the Legislative Decree.
- **Crimes:** crimes or administrative offences which, if committed, may entail the administrative liability of **L&S** pursuant to the **Legislative Decree**.
- **Disciplinary System:** the set of penalties laid down for Recipients who do not comply with the provisions of the **Organisational Model** and/or the Code of Ethics.
- **Third Parties:** distributors, agents, consultants, suppliers, contractors or other parties having business relations with the **Company**.
- **Top Management or Senior Persons:** Chairman, Managing Director and members of the Board of Directors.

Terms defined in the singular form shall also be understood in the plural form where the context so requires and vice versa; the definitions set out in this document shall also apply where used in the **Special Parts** and the **Protocols**.

## DOCUMENT STRUCTURE

The purpose of this document is to illustrate the constituent elements of the **Organisational Model of L&S**.

It consists of four sections, the contents of which are summarised below.



## SECTION I

### 1 LEGISLATIVE DECREE No. 231/2001

**Legislative Decree No. 231 of 8 June 2001** introduced into the Italian legal system a system of administrative liability of **Entities**.

The enactment of the **Legislative Decree** is part of a national legislative context of implementation of international obligations.

The original text, which referred to a series of crimes committed against the public administration, was supplemented by subsequent legislative measures which broadened the range of offences whose commission may entail the administrative liability of the Entity. In addition, Law 146/06 provides for the liability of the **Entity** in the event of the commission of certain crimes (the so-called Transnational Crimes).

The **liability of the Entity** - similar to criminal liability - arises as a result of the commission, by a person linked by a functional relationship with the **Entity** itself, of one of the **Crimes** specifically provided for in the **Legislative Decree**.

The **Entity** may be liable if the **Crimes** are committed **in its interest or to its advantage**, but not if the perpetrator has acted solely in his own interest or that of third parties.

The functional relationship linking the **Offender** to the legal entity may be one of representation, subordination or collaboration, within the limits provided for by the **Legislative Decree**.

If the **Offender** is a natural person who holds a representative, administrative, management or control position in the **Entity** or in one of its organisational units with financial and functional autonomy, as well as a person who exercises, also de facto, the management and control of the Entity, a presumption of liability is established on the part of this latter. This is because the natural person expresses, represents and implements the management policy of the **Entity**.

There is no presumption of liability on the part of the **Entity** if the **Offender** is a person subject to the direction or supervision of one of the persons referred to in the preceding paragraph, so that, in such a case, the fact of the person subject to the direction or supervision entails the liability of the **Entity** only if it appears that its commission was made possible by the failure to comply with the obligations of direction and supervision.

The (administrative) liability of the **Entity** is additional to the (criminal) liability of the individual and not a substitute for it. From the substantial autonomy of this liability derives the circumstance that the **Entity** is called to answer for the crime even when the author of the perpetrator of the same has not been identified or cannot be charged, or when the crime is extinguished for reasons other than amnesty. The criminal liability of natural persons remains governed by ordinary criminal law.

The Legislator has provided for a **system of penalties** which is characterised by the application to the legal entity of a penalties, normally a pecuniary one.

In addition to the pecuniary penalties, in some cases, prohibition penalties may also be applied, such as the prohibition from exercising the activity, the suspension or revocation of authorisations, licences or concessions functional to the commission of the offence, the prohibition from contracting with the Public Administration, the exclusion from financial incentives, financing, contributions or subsidies, the possible revocation of those already granted, the prohibition from advertising goods or services.

In addition to the above penalties - pecuniary and prohibitory - there is the confiscation (always ordered by the judgement of conviction) of the price or profit of the crimes (also "for equivalent") and, in certain cases, the publication of the judgement of conviction.

The Legislator has also provided that such prohibitory measures - where there are serious indications of liability of the **Entity** and there are well-founded and specific elements which indicate a concrete danger of the commission of offences of the same kind - may be applied, at the request of the Public Prosecutor, also as a precautionary measure, already during the investigation phase.

If specific conditions are met, the Judge, when applying a prohibition penalty which would lead to the interruption of the Entity's activity, has the power to appoint a commissioner to supervise the continuation of the activity, for a period corresponding to the duration of the prohibition penalty which would have been applied.

Foreign companies operating in Italy are also subject to the rules of the **Legislative Decree**, irrespective of the existence or non-existence in the country of origin of rules governing the same matter in a similar manner.

## **2 CRIMES DETERMINING THE ADMINISTRATIVE LIABILITY OF THE ENTITY**

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The crimes from which the **Entity** may incur administrative liability are expressly set out in the **Legislative Decree** and in certain regulatory provisions which have broadened their scope:

- **crimes committed in relations with the Public Administration** (Articles 24 and 25 of Legislative Decree no. 231/2001 and supplemented by Law 190/2012 and partly amended by Law 119/2013, Law 69/2015 and Law 3/2019);
- **computer crimes and unlawful processing of data** (Article 24-bis of Legislative Decree no. 231/2001 introduced by Law 48/2008 and partially amended by Legislative Decree no. 7/2016 and by Decree-Law No. 105/2019)
- **organised crime offences** (Article 24-ter of Legislative Decree no. 231/2001 inserted by Law 94/2009);
- **forgery of money, public credit cards, revenue stamps and instruments or identifying marks** (Article 25-bis of Legislative Decree no. 231/2001 introduced by Law 409/2001, supplemented by Law 99/2009 and partly amended by Legislative Decree 125/2016);
- **offences against industry and trade** (Article 25-bis.1 of Legislative Decree no. 231/2001 introduced by Law 99/2009);
- **corporate crimes** (Article 25-ter of Legislative Decree no. 231/2001 introduced by Legislative Decree no. 61/2002, partly amended by Law 262/2005, supplemented by Law 190/2012 and amended by Law 69/2015 and Law 3/2019);
- **offences with the purpose of terrorism or subversion of the democratic order** (Article 25-quaerter of Legislative Decree no. 231/2001 introduced by Law 7/2003);
- **practices of mutilation of female genital organs** (Article 25-quaerter 1 of Legislative Decree no. 231/2001 introduced by Law 7/2006);
- **offences against the individual** (Article 25-quinquies of Legislative Decree no. 231/2001 introduced by Law 228/2003, partly amended by Law 38/2006 and Law 199/2016);
- **market abuse** (Article 25-sexies of Legislative Decree no. 231/2001 introduced by Law 62/2005 and amended by Legislative Decree no. 107/2018);

- **manslaughter and grievous or very grievous bodily harm committed in breach of the rules on the protection of health and safety at work** (Article 25-septies of Legislative Decree no. 231/01 introduced by Law 123/2007 and subsequently replaced by Art. 300 of Legislative Decree no. 81/2008);
- **receiving, laundering and using money, goods or benefits of unlawful origin, as well as self-laundering** (Article 25-octies of Legislative Decree no. 231/2001 introduced by Legislative Decree no. 231/07 and partly amended by Law 186/2014);
- **offences concerning copyright infringement** (Article 25-novies of Legislative Decree no. 231/2001 introduced by Law 99/2009);
- **inducement not to make statements or to make false statements to the judicial authority** (Article 25-decies of Legislative Decree no. 231/2001 introduced by Law 116/09 and amended by Legislative Decree no. 121/2011);
- **environmental crimes** (art. 25-undecies of Legislative Decree no. 231/2001 introduced by Legislative Decree no. 121/2011 and amended by Law 68/2015);
- **employment of third-country nationals whose stay is irregular** (Art. 25-duodecies of Legislative Decree no. 231/2001 introduced by Legislative Decree no. 109/2012 and amended by Law No. 161 of 17 October 2017);
- **racism and xenophobia offences** (Art. 25-terdecies of Legislative Decree no. 231/2001 introduced by law 167/2017);
- **transnational crimes** (category of offences introduced by Law 146/2006);
- **fraud in sporting competitions, abusive exercise of gambling or betting and games of chance exercised by means of prohibited devices** (Article 25-quaterdecies of Legislative Decree No. 231/2001 introduced by Law No. 39/2019);
- **tax crimes** (Article 25-quinquiesdecies of Legislative Decree No. 231/2001, introduced by Law 157/2019).

A description of the individual conduct relevant to criminal law is provided in **Annex 1 - Catalogue of Crimes and Administrative Offences**.

### **3 ORGANISATION, MANAGEMENT AND CONTROL MODELS**

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The **Legislative Decree** provides for a **specific form of exemption from liability** for the **Entity** if:

- a) the management body has adopted and effectively implemented, prior to the commission of the crime,  
"organisation, management and control models" suitable for preventing the **Crimes**;
- b) the task of supervising the operation of and compliance with the models as well as ensuring that they are updated has been entrusted to a body of the entity endowed with autonomous powers of initiative and control;
- c) the persons who committed the crime acted by fraudulently evading the aforementioned organisation, management and control models;
- d) there has been no omission of or insufficient supervision by the body referred to in letter b) above.

The **Organisational Model** is the set of rules, set out in the Special Part and the Protocols, of both a behavioural and a control nature, compliance with which - when carrying out activities within the scope of the **Processes at Risk** - makes it possible to prevent unlawful, incorrect or irregular conduct.



Failure by the **Recipients** to comply with the **Organisational Model** and/or the **Code of Ethics** is punishable. To this end, the **Organisational Model** also includes a **Disciplinary System**, provided for and illustrated in this document.

#### **4 THE CONFINDUSTRIA GUIDELINES**

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In preparing this document, **L&S** was inspired by the Confindustria Guidelines.

It is understood that the choice of not adapting the Organisational Model to some of the indications of the Confindustria Guidelines does not invalidate its validity, since the organisation, management and control models must be drawn up with reference to the concrete reality of the Company.

## SECTION II

### 5 DESCRIPTION OF THE COMPANY

#### 5.1 ACTIVITIES OF L&S ITALIA S.P.A.

L&S was founded in 1977 in Brugnera in Friuli Venezia Giulia (Italy) to meet the needs of the furniture sector. Within a short period of time, it achieved a leading position in the furniture lighting sector. The Company operates through three locations, in addition to Italy, namely:

- L&S Deutschland GmbH - Rödinghausen (Germany);
- L&S Lighting Equipment- Shanghai (China);
- L&S Lighting Corporation- Norcross, Georgia (USA).

#### 5.2 CODE OF ETHICS

On **28 July 2020**, the Code of Ethics (**Annex 2**) which defined the values to which the Company **Company** is inspired in the conduct of its activities was approved.

The Code of Ethics contains the ethical principles and the rules of conduct that the **Top Management** as well as all persons linked by professional and/or working relations with the **Company and**, in general, all those who operate in the name of or on behalf of the **Company** are required to respect and/or share.

The provisions of the **Organisational Model** are inspired by the ethical principles and rules of conduct contained in the **Code of Ethics** and are integrated and compatible with it.

#### 5.3 PURPOSE AND STRUCTURE OF THE ORGANISATIONAL MODEL

The adoption of the **Organisational Model** in line with the provisions of the **Legislative Decree** and in particular of Articles 6 and 7, together with the issuance of the Code of Ethics, was undertaken in the belief that this initiative may also constitute a valid tool to raise awareness among the **Recipients**, so that they, in the performance of their activities, adopt correct and coherent conduct, such as to prevent the risk of commission of the Predicate Crimes.

More specifically, the Model has the following aims:

- a) to set up a **structured and organic system of prevention and control**, aimed at reducing the risk of commission of crimes related to the company's activities and preventing/countering any unlawful conduct;
- b) to determine, in all those who work in the name and/or on behalf of the **Company**, especially in the "areas of activity at risk", the **awareness that**, in the event of violation of the provisions set out therein, **they may incur an offence punishable by penalties**, including possibly criminal penalties, and which may also entail penalties for the **Company**;
- c) to inform the Recipients that violation of the provisions contained in the Model with which they are required to comply will result in the **application of appropriate penalties and, in the most serious cases, termination of the contractual relationship**;
- d) to reiterate that **the Company does not tolerate unlawful conduct** of any kind and for any purpose whatsoever, since such conduct (even if the Company were apparently in a position to benefit from it) is in any case contrary to the ethical principles with which the **Company** intends to comply.

The **Organisational Model** prepared by the Company is aimed at defining a system of preventive control, aimed primarily at planning the training and implementation of the Company's decisions in relation to the risks/crimes to be prevented, and consists in particular of:

- the Code of Ethics, which identifies the primary values with which the Company intends to comply and therefore establishes the general guidelines for the corporate activities;
- an up-to-date, formalised and clear organisational system which guarantees an organic allocation of tasks and an adequate level of segregation of functions;
- Special Parts/Protocols aimed at regulating the performance of activities, in particular with regard to processes at risk, providing for appropriate control points, as well as the separation of duties between those who carry out crucial phases or activities in the context of such processes;
- a clear allocation of powers of authorisation and signature, consistent with organisational and management responsibilities;
- control measures, primarily relating to the potential commission of predicate crimes, capable of providing timely warning of the existence and emergence of general and/or specific critical situations.

## 6 RECIPIENTS

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The recipients of the **Organisational Model** are:

- Chairman, Managing Director and other members of the Board of Directors (**Top Management**);
- **Employees** or other persons - irrespective of their relationship with the **Company** - subject to the direction or supervision of one of the above-mentioned persons.

Compliance with the requirements set out by the **Legislative Decree**, as well as compliance with the behavioural principles set out in the **Code of Ethics**, is also required of **Third Parties** by means of the provision - where possible - of specific contractual clauses.

## 7 ADOPTION OF ORGANIZATIONAL MODEL BY THE COMPANY

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**L&S** - within the framework of the existing preventive control system - has implemented the following activities

necessary to adapt this control system to the provisions of the **Legislative Decree**.

By adopting the **Organisational Model**, the **Company** has set itself the objective of adopting a set of Principles of Conduct and operating procedures aimed at planning the training and implementation of decisions in relation to the crimes to be prevented, in compliance with the system of allocation of functions and delegation of powers, as well as internal procedures.

The **Organisational Model** was adopted by the **L&S** Board of Directors on 28 July 2020.

Amendments or additions to the **Organisational Model** must be approved by the Board of Directors.

### 7.1 IDENTIFICATION OF THE PROCESSES AT RISK

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Article 6(2)(a) of the **Legislative Decree** expressly provides that the Organisational Model must "*identify the activities within the scope of which crimes may be committed*". Therefore, the **Company** has analysed the company's activities, training processes and

implementation of decisions within individual business areas as well as the internal control systems.

In particular, in the context of the above activities, the Company, with the support of external Consultants, took steps to:

1. identify the company activities in the context of which the **Crimes** could theoretically be committed;
2. analyse the potential risks of wrongdoing as well as possible ways of committing them;
3. identify the parties and functions involved;
4. define and, if necessary, adapt the system of internal controls.

## **7.2 IDENTIFICATION AND TARGETING OF THE ACTIVITIES AT RISK**

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At the end of the checks referred to in paragraph 7.1 above, the **Company** has identified the corporate activities or the phases of the same within the scope of which the Crimes may theoretically be committed (hereinafter the "**Processes at Risk**").

In order to identify the Processes at Risk, the **Company** - with the support of an external consultant - has carried out the following activities:

- a) examination of official company documentation;
- b) detailed mapping of the company's operations, based on the organisational units of the Company and carried out by means of interviews and survey questionnaires;
- c) detailed analysis of each individual activity, aimed at verifying the precise contents, the concrete operating methods, the division of responsibilities, as well as the existence or non-existence of each of the hypotheses of crime indicated by the **Legislative Decree**.

Specifically, the **Processes at Risk** in the context of which **Crimes** may in abstract terms be committed are listed below:

1. **Management of purchases and selection of external consultants;**
2. **Management of administrative tasks and inspection activities;**
3. **Management of gifts, sponsorships and charitable activities;**
4. **Management of financial flows;**
5. **Management of litigation;**
6. **Management of the environmental system;**
7. **Management of the corporate information system;**
8. **Management of production;**

9. Management of meeting activities and capital operations;
10. Management of commercial activities;
11. Management of research and development activities;
12. Management of taxation;
13. Management of expense reports and representation expenses;
14. Management of extraordinary operations;
15. Management of transfer pricing policies and intercompany contracts;
16. Management of Trademarks and patents;
17. Preparation of Statutory and Consolidated Accounts;
18. Relations with Certification Bodies;
19. Selection, management of staff and incentive system;
20. Selection and management of distributors and agents;
21. Health and Safety Management System;
22. Use of IT tools.

With reference to the above-mentioned **Risk Processes**, the following categories of **Crimes** are abstractly applicable:

- **crimes committed in relations with the Public Administration** (Articles 24 and 25);
- **computer crimes and unlawful processing of data** (Article 24-bis);
- **organised crime offences** (Article 24-ter);
- **forgery of money, public credit cards, revenue stamps and instruments or identifying marks** (Article 25-bis);
- **offences against industry and trade** (Article 25-bis.1);
- **corporate crimes** (Article 25-ter);
- **manslaughter and grievous or very grievous bodily harm** (Article 25-septies);
- **receiving, laundering and using money, goods or benefits of unlawful origin, as well as self-laundering** (Article 25-octies);
- **offences concerning copyright infringement** (Article 25-novies);

- **crime of inducing people not to make statements or to make false statements to the judicial authority** (Article 25-decies);
- **environmental crimes** (Article 25-undecies);
- **crime of employment of third-country nationals whose stay is irregular** (Article 25-duodecies);
- **transnational crimes** (L. 146/2006);
- **tax crimes** (Article 25-quinquiesdecies).

The **Company**, in relation to the corporate activity carried out, has deemed sufficient the safeguards set out in the **Code of Ethics** for the Crimes listed below:

- **crimes relating to terrorism or subversion of the democratic order** (Article 25-quater);
- **practices of female genital mutilation** (Article 25-quater 1);
- **offences against the individual** (Article 25-quinquies);
- **market abuse** (Article 25-sexies);
- **racism and xenophobia** (Article 25-terdecies);
- **fraud in sporting competitions, abusive exercise of gambling or betting and games of chance by means of prohibited devices** (Article 25-quaterdecies).

The **Company** undertakes to carry out continuous monitoring of its activities, both in relation to the Crimes listed above and in relation to possible amendments and additions to the **Legislative Decree**.

### **7.3 DESIGNING ORGANISATIONAL AND PROCEDURAL SAFEGUARDS**

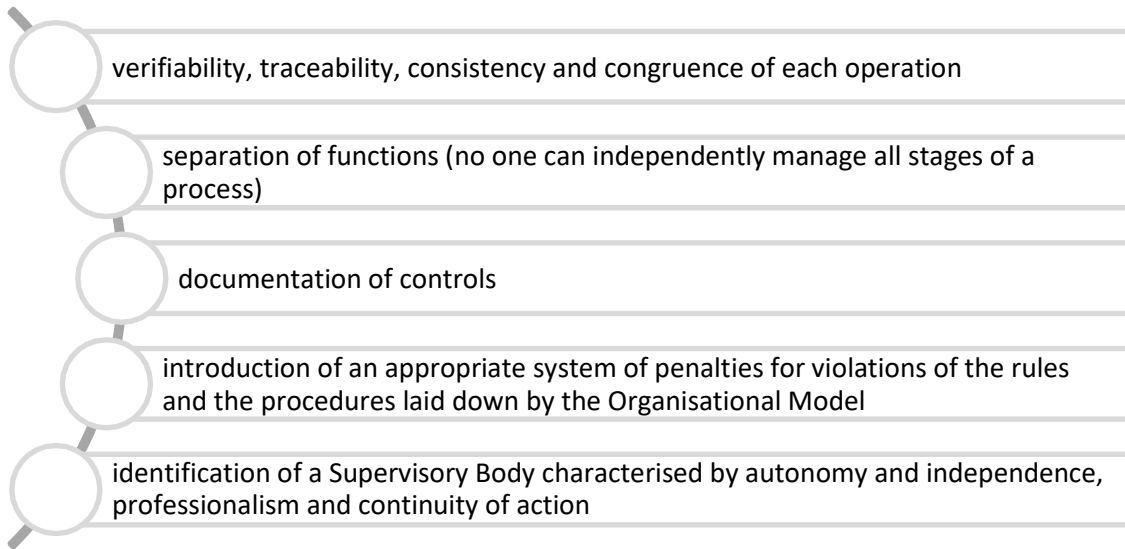
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Pursuant to the provisions of Article 6(2) of the Decree, the **Organisational Model** must, among other things, "*provide for specific protocols aimed at planning the training and implementation of the entity's decisions in relation to the crimes to be prevented*".

This provision emphasises the need to establish - or improve where they exist - appropriate mechanisms for proceduralising management and decision-making, in order to make the various stages of each process documented and verifiable.

It is therefore clear that the set of organisational structures, activities and operating rules applicable - on the instructions of the *management* - within the company must be prearranged for this specific purpose, with the intention of guaranteeing, with reasonable certainty, the achievement of the purposes falling within an adequate and efficient risk monitoring system, including that of incurring the penalties provided for by the **Legislative Decree**.

The existing organisational set-up is inspired by the following principles:



## 8 DISSEMINATION, COMUNICATION AND TRAINING

Adequate training and constant/periodic information of the **Recipients** on the principles and requirements contained in the **Organisational Model** are factors of great importance for the correct and effective implementation of the prevention system.

The **Recipients** are required to have full knowledge of the objectives of fairness and transparency that are intended to be pursued by the **Organisational Model** and of the methods through which the **Company** has intended to pursue them, by setting up an adequate system of procedures and controls.

The communication and training activity varies according to the **Recipients** to whom it is addressed, but it is, in any case, based on principles of completeness, clarity, accessibility and continuity in order to allow the various Recipients to be fully aware of the corporate provisions they are required to comply with and of the ethical rules that must inspire their conduct.

### 8.1 EMPLOYEES

#### 8.1.1 COMUNICATION

The adoption of the **Organisational Model** is communicated to employees and new recruits by means of delivery of the **Organisational Model** and the **Code of Ethics** or the possibility of consulting them directly on the company Intranet in a dedicated area.

For employees or new recruits who do not have access to the Intranet, this documentation must be made available by alternative means, such as, for example, attaching it to the pay slip or posting it on company notice boards.

Employees and new recruits must also sign a declaration of knowledge of and compliance with the **Organisational Model** and the **Code of Ethics**.

Appropriate communication tools are adopted to update employees and new recruits on any changes made to the **Organisational Model**, as well as any relevant procedural, regulatory or organisational changes.

### 8.1.2 TRAINING

Training on the principles and contents of the **Organisational Model** and **Code of Ethics** is guaranteed by the **Responsible Functions** which, according to the indications and plans of the **Supervisory Body**, identify the best way to use these services.

Training initiatives may also be carried out at a distance through the use of IT systems.

At the end of the training event, participants have to fill in a questionnaire, thus certifying that they have received and attended the training initiative.

Completion and sending of the questionnaire constitutes a declaration of knowledge of and compliance with the contents of the Model.

## 8.2 TOP MANAGEMENT AND SENIOR PERSONS

### 8.2.1 COMMUNICATION

A hard copy of the **Organisational Model** is made available to the Company's **Top Management and Senior Persons** at the time of acceptance of their post conferred on them and they are required to sign a declaration of compliance with the principles of the **Organisational Model** and the **Code of Ethics**.

Appropriate communication tools are adopted to update them on any changes made to the **Organisational Model**, as well as any significant procedural, regulatory or organisational changes.

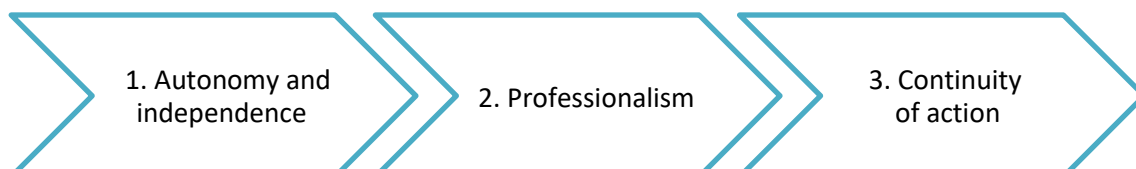
## 9 SUPERVISORY AND CONTROL BODY

### 9.1 ROLE OF THE SUPERVISORY BODY

The **Board of Directors** of L&S, in implementation of the provisions of the **Legislative Decree**, has established the **Supervisory and Control Body (SB)**, which is entrusted with the task of **supervising the operation of and compliance with the Organisational Model**, as well as **attending to updating it**. The Company's **Supervisory Body** is therefore responsible for the supervisory and control activities provided for in the **Organisational Model**.

The appointment of the **Supervisory Body**, as well as any revocation (for just cause), are the responsibility of the Board of Directors. The **Supervisory Body** reports directly to the **Board of Directors**.

According to the provisions of the Decree (Articles 6 and 7) and the indications contained in the Report accompanying the **Legislative Decree**, the characteristics of the **Supervisory Body** must be:





### 1. Autonomy and independence

The requirements of autonomy and independence ensure the effective fulfilment of the tasks and functions assigned to the **Supervisory Body**. To this end, it is necessary that the **Supervisory Body** is not directly involved in the management activities that are the subject of its control activities, nor is it hierarchically subordinate to those who carry out these activities.

These requirements can be achieved by guaranteeing the highest degree of hierarchical independence for the **Supervisory Body**, by providing for *reporting* to the **Top Management**, i.e. the Chairman, the Managing Director and the other members of the Board of Directors.

### 2. Professionalism

The **Supervisory Body** must have technical and professional skills appropriate to the functions it is called upon to perform. These characteristics, together with independence, guarantee objectivity of judgement.

### 3. Continuity of action

The **Supervisory Body** must:

- 1) work constantly on the supervision of the **Organisational Model** with the necessary powers of investigation, also with the support of external Consultants;
- 2) ensure that the **Organisational Model** is implemented and constantly updated;
- 3) not carry out operational tasks that may affect the overall view of the corporate activities required of it.

## **9.2 COMPOSITION AND APPOINTMENT OF THE SUPERVISORY BODY**

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The **Supervisory Body** remains in office for the period defined by the Board of Directors in its appointment and is eligible for re-election.

The replacement of one or more members of the **Supervisory Body** before the expiry of their term of office may only take place for just cause or justified reason, such as, by way of example:

- voluntary renunciation by the **Supervisory Body**;
- incapacity due to natural causes;
- the occurrence of one of the causes of ineligibility, disqualification, suspension and revocation referred to in paragraph 9.3 below.

The Board of Directors of the **Company** establishes, for the entire term in office, the annual remuneration due to the **Supervisory Body**.

In the event of disqualification, suspension or revocation of a member of the **Supervisory Body**, the Board of Directors shall reinstate its composition.

In any case, the **Supervisory Body** is deemed to have lapsed if the majority of its members cease to hold office, due to resignation or other causes. In this case, the Board of Directors shall appoint the new members.

In the event of the appointment of a Supervisory Body with several members, the **Supervisory Body** shall regulate itself by means of a specific Regulation, accompanied by rules aimed at ensuring its better functioning. The adoption of these Rules shall be brought to the attention of the Board of Directors at the first useful meeting.

### 9.3 CAUSE OF (IN)ELIGIBILITY, DISQUALIFICATION, SUSPENSION AND REVOCATION OF THE SUPERVISORY BODY

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#### 9.3.1 INELIGIBILITY AND DISQUALIFICATION

Subject to verification by the Board of Directors as indicated below, the following **cannot take on** the role of members of the **Supervisory Body**, and if appointed **they shall** cease to hold office:

- a) those who have conflicts of interest, even potential ones, with the **Company**;
- b) those who hold, directly or indirectly, significant shareholdings in the **Company** pursuant to Article 2359 of the Italian Civil Code;
- c) those who perform administrative functions with delegated powers or executive duties in the **Company**;
- d) those who hold, directly or indirectly, shareholdings of such a size as to entail control or significant influence over the **Company**;
- e) those who are legally disqualified, incapacitated, bankrupt or sentenced to a penalty involving disqualification, even temporary, from holding public office or the inability to exercise executive functions;
- f) those who have been subjected to preventive measures ordered by the judicial authorities pursuant to the Law no. 1423 of 27 December 1956, or Legislative Decree no. 159/2011 as subsequently amended, without prejudice to the effects of rehabilitation;
- g) those who have been convicted by an irrevocable judgment, without prejudice to the effects of rehabilitation:
  - o to imprisonment for one of the offences provided for in Title XI of Book V of the Italian Civil Code and Royal Decree no. 267 of 16 March 1942;
  - o to imprisonment for a period equal to or exceeding one year for a crime against the public administration, against public faith, against property, against public order, against the public economy or for a tax offence;
  - o to imprisonment for a term equal to or exceeding two years for any offence committed with criminal intent;
- h) those who have been convicted by a final judgment applying the penalty on request of the parties, except in the case of extinction of the crime:
  - o to imprisonment for one of the offences provided for in Title XI of Book V of the Italian Civil Code and Royal Decree no. 267 of 16 March 1942;
  - o to imprisonment for a period equal to or exceeding one year for a crime against the public administration, against public faith, against property, against public order, against the public economy or for a tax offence;
  - o to imprisonment for a term equal to or exceeding two years for any offence committed with criminal intent;
- i) those who have been convicted in foreign Countries of criminal offences or subject to other penalty measures for offences corresponding to those referred to above.

It will be the responsibility of the member of the **Supervisory Body** to promptly inform the other members of the Supervisory Body and the Board of Directors of the occurrence of causes of disqualification.

If one of the above-mentioned causes of disqualification occurs, the Board of Directors, having carried out the appropriate investigations, having heard the person concerned and the other members of the **Supervisory Body**, after obtaining the favourable opinion of the Board of Statutory Auditors (where appointed), must adopt by absolute majority the

measures it deems appropriate until such time as the member is declared disqualified.

In the event that the **Supervisory Body** is also composed of members belonging to the Board of Statutory Auditors, the prior hearing of the Board of Statutory Auditors (where appointed) shall be carried out only with regard to the members of the Board who are not members of the **Supervisory Body**.

The resolution of disqualification shall be communicated to the Shareholders' Assembly at the earliest opportunity.

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### 9.3.2 SUSPENSION

The following constitute grounds for **suspension** from the function of **Supervisory Body**:

- a) conviction with a non-final judgment for one of the crimes which entail ineligibility or disqualification;
- b) conviction with a non-final judgment imposing a penalty at the request of the parties for one of the following crimes entailing ineligibility or disqualification;
- c) conviction with a non-final judgment of the Company pursuant to the Legislative Decree or the conviction with a non-final judgement that applies the penalty at the request of the parties, where the acts show "omitted or insufficient supervision" by the **Supervisory Body**, in accordance with the provisions of Article 6(1)(d) of the Decree;
- d) conviction with a non final judgement applying the penalty at the request of the parties, issued against one of the members of the **Supervisory Body** for having committed one of the crimes provided for in the Legislative Decree;
- e) being provisionally subject to one of the measures provided for in Article 10, paragraph 3, of Law no. 575 of 31 May 1965, as replaced by Article 3 of Law no. 55 of 19 March 1990, as subsequently amended.

If one of the above-mentioned causes of suspension occurs, the Board of Directors, having carried out the appropriate investigations, having heard the person concerned and the other members of the **Supervisory Body**, after obtaining the favourable opinion of the Board of Statutory Auditors (where appointed), must adopt by absolute majority the measures it deems appropriate until such time as the member is declared suspended.

In the event that the **Supervisory Body** is also composed of members belonging to the Board of Statutory Auditors, the prior hearing of the Board of Statutory Auditors (where appointed) shall be carried out only with regard to the members of the Board who are not members of the **Supervisory Body**.

The resolution of suspension shall be communicated to the Shareholders' Assembly at the earliest opportunity.

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### 9.3.3 REVOCATION

The following constitute grounds for **revocation** from office as a member of the **Supervisory Body**:

- a) significant failures to comply with the mandate granted in relation to the tasks outlined in the **Organisational Model**;
- b) violation of the obligations set out in the **Supervisory Body** Regulations, where adopted;

- c) absence from three or more meetings, even if not consecutive, without a justified reason, within a period of twelve consecutive months;
- d) the occurrence of circumstances such as to seriously and justifiably impair the member's independence or autonomy of judgment;
- e) conviction with an irrevocable judgment of the **Company** pursuant to the **Legislative Decree** or judgement that applies the penalty at the request of the parties, which has become final, where the acts show "omitted or insufficient supervision" by the **Supervisory Body**, in accordance with the provisions of Article 6(1)(d) of the Decree;
- f) conviction with an irrevocable without prejudice to the effects of rehabilitation, or a final judgment applying the penalty at the request of the parties, except in the case of extinction of the crime, issued against one of the members of the **Supervisory Body** for having committed one of the crimes provided for in the Legislative Decree;
- g) breach of the confidentiality obligations.

If one of the above-mentioned causes of revocation occurs, the Board of Directors, having carried out the appropriate investigations, having heard the person concerned and the other members of the **Supervisory Body**, after obtaining the favourable opinion of the Board of Statutory Auditors (where appointed), must adopt by absolute majority the measures it deems appropriate until such time as the member is declared to have their appointment revoked.

In the event that the **Supervisory Body** is also composed of members belonging to the Board of Statutory Auditors, the prior hearing of the Board of Statutory Auditors (where appointed) shall be carried out only with regard to the members of the Board who are not members of the **Supervisory Body**.

The resolution of revocation shall be communicated to the Shareholders' Assembly at the earliest opportunity.

#### 9.4 ACTS OF VERIFICATION OF THE EFFECTIVENESS AND CONSTANT ADAPTATION OF THE ORGANISATIONAL MODEL AND ACTION PLAN

The **Supervisory Body**, in coordination with the heads of the organisational units concerned from time to time, must periodically check the effectiveness and suitability of the **Organisational Model** to prevent the commission of the offences referred to in the **Legislative Decree**. In particular, there are envisaged:

1. **checks on individual acts.** To this end, it will periodically check the acts and contracts relating to the processes at risk, in accordance with the procedures it has identified;
2. **check of the Special Section and the Protocols referred to therein.** To this end, it shall periodically review the effectiveness and implementation of the Special Parts and related Protocols;
3. **checks of the level of knowledge of the Organisational Model**, including by analysing requests for clarification or reports received;
4. **periodic updating** of the *Risk Assessment* activity aimed at reviewing the map of activities potentially at risk, in particular in the presence of changes in the organisation or *business* of the Company, as well as in the event of additions or amendments to the **Legislative Decree**.

For the purpose of a planned exercise of the assigned supervisory powers, the **Supervisory Body** presents its own **plan of action** to the Board of Directors on an annual basis, informing it of the activities it plans to carry out and the areas that will be subject to checks. The

**Supervisory Body** may in any event carry out, in the context of sensitive corporate activities and where it considers it necessary for the purpose of carrying out its functions, controls not foreseen in the Action Plan (so-called "surprise spot checks").

In implementing the action plan, the **Supervisory Body** adopts procedures useful for carrying out its supervisory and control activities, which will be communicated to the functions concerned, and may set up working groups on particular issues. In the event of special circumstances (e.g. emergence of previous violations), the **Supervisory Body** shall apply systematic procedures for research and identification of the risks under analysis.

In particular, it may request to consult the documentation relating to the activities carried out by the individual organisational units and by the persons in charge of the processes at risk subject to control and/or verification, extracting a copy of it, as well as conducting interviews and requesting, if necessary, written reports. In the course of such operations, the **Function Responsible** for the organisational unit concerned must be kept constantly informed.

Following the checks carried out, the **Supervisory Body** may report any observations and/or suggestions to the **Function Responsible**.

The activities carried out by the **Supervisory Body** must be documented, even in summary form. The relevant documentation must be kept by the **Supervisory Body** itself, so that confidentiality is ensured, also in compliance with the legislation on the protection of personal data.




The **Supervisory Body**, following the checks carried out, the regulatory changes that have occurred from time to time, as well as the possible emergence of new processes at risk, proposes to the Board of Directors the adjustments and updates to the **Organisational Model** that it considers appropriate.

For the activity of verification, the **Supervisory Body** may rely on the support of external consultants with appropriate expertise in the field.

The **Supervisory Body** is assigned an annual *budget*, established by resolution of the Board of Directors, so that the said **Supervisory Body** can carry out its duties in full autonomy, without any limitations that may arise from insufficient financial resources. In any event, the **Supervisory Body** may ask the Board of Directors for additional resources in addition to the endowment fund, in order to enable it to carry out its normal operations and carry out the analyses and investigations deemed necessary to verify the adequacy of the **Organisational Model**.

## 9.5 REPORTING OF VIOLATIONS TO THE SUPERVISORY BODY - WHISTLEBLOWING

The terms listed below shall have the meaning attributed for each of them below:

 Whistle-blower	who witnesses or becomes aware of a <b>Violation</b> committed by the <b>Recipients of the Organisational Model</b> and decides to report it.
 Party Receiving the Report	subject to whom the <b>Whistle-blower</b> attributes the commission of the <b>Violation</b> or suspected <b>violation</b> .
 Report	communication concerning the reasonable and legitimate suspicion or awareness of <b>Violations</b> committed by the <b>Recipients of the Organisational Model</b> .



Violation

any action contrary to the provisions of the **Code of Ethics**, the **Organisational Model** and/or the **Protocols** of L&S Italia S.p.A. or unlawful conduct pursuant to the **Legislative Decree**.

The **Recipients** of the **Organisational Model** who decide to make a Report of Violation to the **Supervisory Body** must comply with the following operating procedures.

#### 9.5.1 OBJECT OF THE REPORT

The **Report** must relate to circumstances of unlawful conduct that are relevant and based on precise and concordant facts, or **Violations** of which the **Whistle-blower** has become aware by reason of the function performed.

#### 9.5.2 CONTENT AND METHOD OF REPORTING

The **Whistle-blower** is obliged to provide all useful elements to enable the **Supervisory Body** to carry out due and proper verification of the validity of the facts object of the **Report**. To this end, the

**Report** should preferably contain the following elements:

- the identity of the person making the Report, indicating the position or function performed within the company;
- the clear and complete description of the facts which are the subject of the Report;
- if known, the circumstances of time and place in which the acts were committed;
- if known, the personal details or other elements (such as the position and department in which the activity is carried out) that make it possible to identify the person who has carried out the acts subject to the Report;
- an indication of any other persons who may report on the facts object of the **Report**;
- the indication of any documents that may confirm the validity of those facts;
- any other information that may provide useful confirmation regarding the existence of the facts reported.

In the case of anonymous Reports, the **Supervisory Body** reserves the right to assess the consideration of the same on the basis of the seriousness of the facts reported and in relation to the level of detail and precision of the content of the Report.

**Reports** can be submitted in the following ways:



to the e-mail address:

[odv.italy@ls-light.com](mailto:odv.italy@ls-light.com)



to the postal address:

L&S Italia S.p.A.

for the attention of the Supervisory Body  
via L. Zanussi n. 8  
33070 Brugnera (PN)

#### 9.5.3 ACTIVITY OF VERIFYING THE TRUTH OF THE REPORTS

All **Reports** are subject to preliminary analysis by the **Supervisory Body** which, in order to assess their truth, checking for the presence useful data and information.

The **Supervisory Body** shall carry out its verification activities respecting the principles of impartiality and confidentiality, performing, within the scope of the control and verification powers provided for by the **Organisational Model**, any activity deemed appropriate, including the hearing of the Whistle-blower, if known, and of any relevant Corporate functions.

If, at the end of the preliminary analysis phase, there emerges:

- the absence of sufficiently substantiated facts or the lack of truth of the Report, the **Supervisory Body** shall  
will proceed to archive the Report and inform the Whistle-blower accordingly;
- the truth of the Report; the **Supervisory Body** shall, in relation to the nature of the Report, proceed to:
  - I. issue recommendations for corrective action;
  - II. promptly inform the hierarchical manager of the person who committed the **Violation**, the Board of Directors and the Board of Statutory Auditors, where appointed, for the adoption of the appropriate actions.

If the **Violation** is particularly serious or concerns **Top Management**, the **Supervisory Body** shall inform the Board of Directors and the Board of Statutory Auditors, where appointed, and, where appropriate, inform the **Company's** shareholders.

In managing the reports, **the Supervisory Body** acts with the utmost confidentiality, in order to protect the whistle-blowers against any retaliatory, discriminatory and/or penalising behaviour, connected - directly or indirectly - to the report itself, which are expressly prohibited and subject to the penalties provided for in the **Disciplinary System**, ensuring the secrecy of the identity of the whistle-blower (except in the event of any legal obligations).

#### 9.5.4 ARCHIVING

Each report/communication sent to the **Supervisory Body** is kept by the said **Supervisory Body** in an appropriate computer and/or paper archive kept in accordance with the provisions of European Regulation 2016/679 on the protection of personal data (GDPR). It should be noted that only members of the **Supervisory Body** will have access to these communications, and they undertake to use them solely for the verification purposes of the function they hold.



## 9.6 INFORMATION FLOWS TO THE SUPERVISORY BODY

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For the purposes of effective supervision of the implementation of the **Organisational Model**, the **Recipients**, by reason of their role and responsibilities, are required to transmit information flows to the **Supervisory Body** (hereinafter the "**Information Flows**").

The **Information flows** are defined in the **Annex "List of Information Flows to the Supervisor Body"** and will be transmitted to the Supervisory Body in accordance with the time frames indicated therein.

In any case, the **Supervisory Body** has all the powers under the **Organisational Model** to request at any time any information, data, document, news from the **Recipients**. The **Recipients** shall provide the Supervisory Body with the information requested without delay.

The principle remains that any information or news that may be considered relevant under the **Organisational Model** must be forwarded to the Supervisory Body without delay.

In addition to the reports referred to above, the **Top Management** is required to inform the **Supervisory Body of Supervision**:

- a) any change concerning both the system of delegated powers and the organisational structure of the **Company**;
- b) the Company's extraordinary corporate transactions;
- c) each new business activity;
- d) any information relevant to compliance with, operation and updating of the **Organisational Model**.

## 9.7 INFORMATION FROM THE SUPERVISORY BODY TO THE CORPORATE BODIES

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The **Supervisory Body** reports directly to the Board of Directors on matters relating to the **Organisational Model**.

The **Supervisory Body** shall inform the **Board of Directors**, also in writing, on the application and effectiveness of the **Organisational Model** at least every six months (indicating in particular the checks carried out and their outcome, as well as any updating of the processes at risk), or at various times with reference to specific or significant situations.

The **Supervisory Body may be convened by the Board of Directors** to report on its activities and may ask to confer with it.

The **Supervisory Body** may also ask to be heard by the Board of Directors whenever it deems it appropriate to report promptly on violations of the **Organisational Model** or to request attention to critical issues relating to the operation of and compliance with the said **Organisational Model**. In case of necessity and/or urgency, the **Supervisory Body** may confer directly with the Chairman or Managing Director of the Board of Directors.

The **Supervisory Body** is competent to provide appropriate clarifications in the event of problems of interpretation or questions relating to the **Organisational Model**.

## 10 ARRANGEMENTS FOR MANAGING THE FINANCIAL RESOURCES

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Article 6(2)(c) of the **Legislative Decree** requires the identification of arrangements for managing the financial resources capable of impeding the commission of crimes.



Therefore, the **Company** has deemed it appropriate, as a supplement to the **Organisational Model**, to issue a Protocol on the management of financial and monetary flows which regulates for each individual type of transaction the persons involved and their powers, the instruments adopted and the links with the administrative/accounting system.

## SECTION III

### 11 DISCIPLINARY SYSTEM

#### 11.1 GENERAL PRINCIPLES

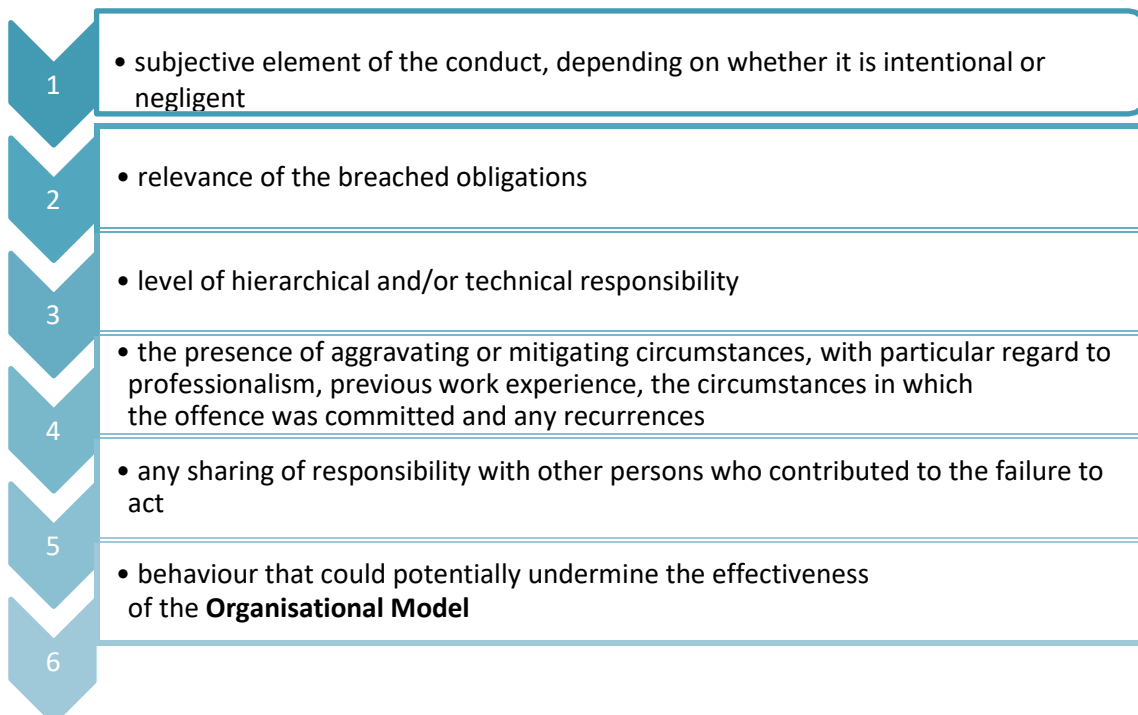
This disciplinary system is adopted pursuant to Article 6(2)(e) and Article 7(4)(b) of the **Legislative Decree**.

The system is designed to penalise failure to comply with the Principles of Conduct laid down in the **Organisational Model** and, pursuant to Article 2106 of the Italian Civil Code "Disciplinary sanctions", supplements, for all matters not provided for and limited to the cases covered, the National Collective Labour Agreements (CCNL) for the category applied to employees (Metal mechanics).

The imposition of disciplinary penalties for violation of the **Organisational Model** and/or of the **Code of Ethics** is irrespective of any criminal proceedings and the outcome of the consequent judgement for the commission of one of the crimes provided for in the **Legislative Decree**.

#### 11.2 GENERAL CRITERI FOR THE IMPOSITION OF PENALTIES

In cases of non-compliance and/or violations of the **Organisational Model**, the type and extent of the specific penalties shall be applied in proportion to the seriousness of the misconduct and, in any event, taking into account the elements listed below:



If several infringements, punishable by different penalties, are committed in a single act, the most severe penalty shall be applied.

Any imposition of a disciplinary penalty, regardless of whether proceedings are instituted and/or the outcome of any criminal trial, shall be, as far as possible, inspired by the principles of timeliness.

### 11.3 NON-EXECUTIVE EMPLOYEES

Pursuant to the combined provisions of Articles 5(b) and 7 of the **Legislative Decree**, without prejudice to the prior notification and procedure prescribed by Article 7 of Law No. 300 of 20 May 1970 (the so-called Workers Statute), the penalties provided for in this paragraph may be applied, taking into account the general criteria referred to above, to middle managers and employees.

#### 11.3.1 VIOLATIONS

Penalties may be applied in the case of violations consisting in:

- a) the failure to comply with the provisions contained in the **Organisational Model** and/or the **Code of Ethics**;
- b) the absence of or untruthful indication of the activity carried out with regard to the methods of documentation, storage and control of the documents, so as to prevent the transparency and verifiability thereof;
- c) the violation and/or circumvention of the control system, carried out by removing, destroying or altering the supporting documentation, or in the performance of activities aimed at preventing the persons in charge and the **Supervisory Body** from checking or accessing the requested information and documentation;
- d) the failure to comply with the provisions on powers of signature and the system of delegations;
- e) the failure to supervise their subordinates as to the correct and effective application of the **Organisational Model** and/or the **Code of Ethics**;
- f) conduct constituting the violation of the measures for the protection of whistle-blowers set out in paragraph 9.5 of the **Organisational Model**;
- g) conduct constituting wilful misconduct or gross negligence in making serious the serious reports referred to in paragraph 9.5 of the **Organisational Model** which proved to be unfounded.

The list of cases is by way of example and not exhaustive.

#### 11.3.2 PENALTIES

The commission of the disciplinary offences, referred to in the preceding paragraph, shall be punished with the following disciplinary measures, in accordance with the seriousness of the breach:

- a. verbal warning;
- b. written warning;
- c. fine;
- d. suspension from pay and service;
- e. dismissal for justified subjective reason;
- f. dismissal for just cause without notice.

Where the above-mentioned employees have power of attorney with the power to represent the Company externally, the imposition of the sanction may entail the revocation of the power of attorney itself.

##### a) Verbal warning

The sanction of a verbal warning may be imposed in cases of minor negligent violation of the Principles of Conduct laid down in the **Organisational Model** or procedural errors due to negligence. It does not require any prior notification.

**b) Written warning**

The measure of written warning shall be applied in the event of recurrence, by the worker, of infringements that have already given rise to a verbal reprimand as referred to in letter a) and in the case of more minor disciplinary infringements or infringements which, although they have not caused actual damage to the Company, are potentially harmful.

**c) Fine**

In addition to cases of recurrence in the commission of offences from which the application of a written reprimand may derive, a fine may be applied in cases where, due to the level of hierarchical or technical responsibility or in the presence of aggravating circumstances, the negligent and/or negligent conduct may compromise, even potentially, the effectiveness of the **Organisational Model**. A fine may be imposed not exceeding the amount of 4 hours pay.

**d) Suspension from pay and service**

The penalty of suspension may be imposed in cases of serious violations of the provisions of the **Organisational Model**, such as to expose the Company to liability towards third parties, as well as in cases of recurrence in the commission of offences from which the application of a fine may result. Suspension from pay and service may be applied for a maximum of eight days.

**e) Dismissal**

In the event of dismissal, the employee may be suspended from work as a precautionary measure until the measure is imposed. The penalty of dismissal may be imposed in the event of such serious misconduct as to break the relationship of trust with the Company and not allow, therefore, the continuation, even temporary, of the employment relationship, such as, by way of non-exhaustive example:

- i. violation of the provisions of the **Organisational Model** having external relevance and/or fraudulent evasion thereof;
- ii. violation and/or circumvention of the control system, carried out by removing, destroying or altering documentation or by preventing the persons in charge and the **Supervisory Body** from checking or accessing the requested information and documentation.

Disciplinary dismissal may be applied:

- for subjective justification;
- for just cause without notice and with other consequences of reason and law (summary dismissal).

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**11.4 SENIOR EMPLOYEES - EXECUTIVES**

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Pursuant to the combined provisions of Articles 5(a) and 7 of the **Legislative Decree** and the laws and contractual provisions in force, the penalties indicated in this point may be applied to executives, observing the general criteria for imposing them, including formal ones (written notification and request for justification).

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**11.4.1 VIOLATIONS**

Penalties may be applied in the case of violations consisting in:

- a) the failure to comply with the provisions contained in the **Organisational Model** and/or the **Code of Ethics**;
- b) the absence of or untruthful evidence of the activity carried out with regard to the methods of documentation, storage and control of the documents relative to the **Organisational Model**, so as to prevent the transparency and verifiability thereof;
- c) the violation and/or the circumvention of the control system by removing, destroying or altering the documentation provided for by the **Organisational Model** or by preventing the persons in charge and the **Supervisory Body** from checking or accessing the requested information and documentation;
- d) the failure to comply with the provisions relating to powers of signature and the system of delegations, except in cases of extreme necessity and urgency, of which the hierarchical superior must be informed timeously;
- e) the failure to supervise, control and monitor their subordinates with regard to the correct and effective application of the Principles of Conduct set out in the **Organisational Model**;
- f) if within their competence, the lack of training and/or failure to update and/or communicate to the staff operating within the scope of the processes governed by the **Organisational Model**;
- g) conduct constituting the violation of the measures for the protection of whistle-blowers set out in paragraph 9.5 of the **Organisational Model**;
- h) in conduct constituting the making, with wilful misconduct or gross negligence, of serious reports as referred to in paragraph 9.5 of the **Organisational Model** which proved to be unfounded.

The list of cases is by way of example and not exhaustive.

#### 11.4.2 PENALTIES

The commission of disciplinary offences, as referred to in the preceding paragraph, by executives is punished with the following disciplinary measures, depending on the seriousness of the breach, taking into account the special fiduciary nature of the employment relationship:

- a) written warning;
- b) dismissal without notice.

Where executives have power of attorney with authority to represent the **Company** externally, the imposition of a written reprimand may also lead to the revocation of the power of attorney.

##### **a) Written warning**

The penalty of a written warning may be imposed in cases of culpable violation of the provisions of the Organisational Model.

##### **b) Dismissal without notice**

The penalty of dismissal without notice may be imposed in cases where the relationship of trust has been damaged to such an extent that it is not possible to continue the employment relationship, even temporarily, such as, by way of non-exhaustive example:

- i. the violation of the provisions of the **Organisational Model** and/or of the **Code of Ethics** having external relevance and/or the fraudulent evasion of the same, carried out with a behaviour aimed at committing an offence relevant under the **Legislative Decree**;

- ii. violation and/or circumvention of the control system, carried out by removing, destroying or altering documentation envisaged by the **Organisational Model** or in preventing the persons in charge and the **Supervisory Body** from checking or accessing the requested information and documentation.

If the executive has committed one of the offences punishable by dismissal, the **Company** may order his precautionary suspension with immediate effect.

If the Company decides to proceed with dismissal, this shall take effect from the day on which the precautionary suspension began.

## 11.5 TOP MANAGEMENT

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The penalties referred to in this point may be applied against the **Top Management**.

### 11.5.1 VIOLATIONS

The provisions of this paragraph may be applied in the event of violations by of the aforementioned subjects, consisting of:

- a) the failure to comply with the provisions contained in the **Organisational Model** and/or the **Code of Ethics**;
- b) the violation and/or the circumvention of the control system, carried out by removing, destroying or altering documentation or in preventing the persons in charge and the **Supervisory Body** from checking or accessing the requested information and documentation;
- c) the violations the provisions relating to powers of signature and in general the system of delegations, except in cases of necessity and urgency, of which the Chairman must be informed timeously;
- d) conduct constituting the violation of the measures for the protection of whistle-blowers set out in paragraph 9.5 of the **Organisational Model**;
- e) conduct constituting wilful misconduct or gross negligence in making serious the serious reports referred to in paragraph 9.5 of the **Organisational Model** which proved to be unfounded.

The list of cases is by way of example and not exhaustive.

### 11.5.2 PROTECTION MEASURES

Depending on the seriousness of the infringement and on the decision of the Board of Directors, protection measures may be applied, such as, for example, revocation of the delegation of power and/or of the assignment given to the subject.

In the most serious cases, the Board of Directors may propose to the Assembly to also proceed to removal from office.

Regardless of the application of the protection measure, this is without prejudice to the right of the **Company** to bring actions for liability and/or compensation.

### 11.5.3 CO-EXISTENCE OF SEVERAL RELATIONSHIPS FOR THE SAME PERSON

In the case of violations committed by a person referred to in this paragraph who also holds, the status of employee, the penalties laid down by the

**Board of Directors** shall be applied, without prejudice in any case to the applicability of the various disciplinary actions that may be exercised on the basis of the employment relationship with the **Company** and in compliance with the procedures laid down by law, as applicable.

#### **11.6 THIRD PARTIES**

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**L&S** believes that any conduct by **Third Parties** that may entail the risk of committing one of the **Crimes** must be reprimanded. Therefore, violations consisting in:

- a) the failure to comply with the principles contained in the **Company's Code of Ethics** concerning the object of the assignment;
- b) in conduct aimed at committing, or in any event constituting, a relevant offence under the **Legislative Decree**;

constitute a breach of the contractual obligations undertaken, with all legal consequences, and may therefore lead - in the most serious cases - to termination of the contract and/or revocation of the assignment as well as compensation for any damages suffered by the **Company**.

## SECTION IV

### 12 SPECIAL PARTS

- **Special Part I:** Crimes against the Public Administration.
- **Special Part II:** Computer crimes and unlawful processing of data.
- **Special Part III:** Organised crime offences, transnational crimes and crime of receiving, laundering and using money, goods or benefits of unlawful origin as well as self-laundering.
- **Special Part IV:** Crimes of counterfeiting money, public credit cards, revenue stamps and instruments or identifying marks.
- **Special Section V:** Crimes against industry and trade.
- **Special Part VI:** Corporate crimes.
- **Special Part VII:** Crimes of manslaughter and grievous or very grievous bodily harm, committed in breach of the rules on accident prevention and the protection of health and safety at work.
- **Special Part VIII:** Offences concerning copyright infringement.
- **Special Part IX:** Crimes of inducing persons not to make statements or to make false statements to the judicial authority.
- **Special Section X:** Environmental crimes.
- **Special Part XI:** Crimes against the employment third-country nationals whose stay is irregular.
- **Special Part XII:** Tax crimes.

## ANNEXES