

# Organisation and management model pursuant to D.Lgs no. 231 of 2001



## GENERAL SECTION

Revision index/date	Reason for revision and revised parts	Drawn up/Verified
00 / 26-02-2021	First issue	Board of Directors

### MP3 S.R.L.

Legal and administrative headquarters:  
Via Castelfranco, 52 40053 - Valsamoggia  
Loc. Bazzano (BO) - Italy  
TAX CODE and VAT ID No. 03499581209  
REA BO-524026 Share Capital € 5,000,000 fully paid-in

Operational headquarters:  
Via Muzza Spadetta, 36  
40053 - Valsamoggia  
Loc. Bazzano (BO) - Italy

Company belonging to





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### 1. Introduction

In enforcement of the delegation referred to in art. 11 of Law no. 300 of 29 September 2000, Legislative Decree no. 231 (hereinafter referred to as the "Decree") was issued on 8 June 2001, and came into force on 4 July 2001. With this Decree, the legislator brought domestic regulations in line with international conventions on the liability of legal entities. In particular, these are the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests, the Convention signed in Brussels on 26 May 1997 on the fight against corruption involving officials of the European Community or officials of Member States, and the OECD Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions.

The Decree, referred to as "*Provisions on the administrative liability of legal entities, companies and associations, including those without legal personality*", introduced in the Italian legal framework a system of administrative liability (defined by doctrine and jurisprudence of a criminal or administrative-criminal nature) applicable to entities (meaning companies, associations, consortia, etc., hereinafter referred to as "entities") for exhaustively listed crimes (so-called "*alleged crimes*") that are committed in their **interest** or to their **advantage**:

- by natural persons who are in charge of representation, administration or management of these entities or one of their organisational units with financial and functional autonomy, as well as by natural persons who exercise, also de facto, the management and control of these entities, or
- by natural persons subject to the direction or supervision of one of the persons indicated above.

The liability of the entity is in addition to that of the natural person who materially committed the offence.

The innovative scope of Legislative Decree no. 231 of 2001 lies in envisaging the administrative liability of the legal entity in connection with an offence committed. With the enforcement of this Decree, the entities can no longer claim to be uninvolved in the direct consequences of offences committed by private individuals in the interest or to the advantage of the entities themselves.

The sanctions system provided for by Legislative Decree no. 231 of 2001 is particularly severe: as a matter of fact, in addition to monetary sanctions, the Decree provides for suspension and partial or total disqualification from activity, which can have permanent effects for the entities concerned.

#### 1.1. Offences giving rise to administrative liability

According to the provisions of the law, the company administrative liability applies with reference to administrative offences, including the following families of crimes (in the absence of indications, the articles refer to Legislative Decree no. 231 of 2001):

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Offences committed in relations with the Public Administration	Art. 24
IT crimes and unlawful processing of data	Art. 24-bis
Organized crime offences	Art. 24-ter
Extortion and bribery	Art. 25
Forgery of money	Art. 25-bis
Crimes against industry and trade	Art. 25-bis.1
Corporate crimes	Art. 25-ter
Crimes for the purposes of terrorism	Art. 25-quater
Crimes of female genital mutilation	Art. 25-quater.1
Crimes against the individual	Art. 25-quinquies
Market abuse	Art. 25-sexies
Manslaughter or injuries committed in violation of occupational safety regulations	Art. 25-septies
Receiving stolen goods, money laundering and use of money, goods or benefits of unlawful origin as well as self-laundering	Art. 25-octies
Offences relating to violation of copyright	<del>Art. 25-novies</del>
Inducement not to make statements or to make false statements	Art. 25-decies
Environmental offences	Art. 25-undecies
Employment of citizens of third countries whose stay is irregular	Art. 25-duodecies
Racism and xenophobia	Art. 25-terdecies
Fraud in sporting competitions, abusive exercise of gambling or betting	Art. 25-quaterdecies
Tax crimes	Art. 25-quinquiesdecies
Smuggling	Art. 25-sexiesdecies
Attempted crimes	Art. 26
Transnational crimes	Art. 10
Offences related to the production, trade, counterfeiting of trademarks, misleading signs, etc. of virgin olive oil	L. 16/03/2006, n. 146
	Art. 12
	L. 14/01/2013, n. 9

### 1.2. Exemption condition for the company's administrative liability

Having established the administrative liability of the entities, art. 6 of the Decree establishes that the company shall not be held liable if it can prove that it has adopted and effectively implemented, before the fact was committed, *"organisation and management models capable of preventing offences of the same nature as that committed"*.



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The same regulation also provides that a supervisory board be set up within the company, in order to supervise the implementation, effectiveness and observance of the aforementioned models, as well as to ensure their updating.

These organisation, management and control models (hereinafter referred to as the "Models"), pursuant to art. 6, paragraphs 2 and 3, of Legislative Decree no. 231 of 2001, shall meet the following requirements:

- identify the activities within the scope of which the crimes provided for by the Decree may be committed;
- provide for specific protocols aimed at planning the development and implementation of the company's decisions in relation to the offences to be prevented;
- identify the methods for managing the financial resources suitable for preventing commission of these offences;
- provide for information obligations towards the body appointed to supervise the implementation of, and compliance with the models;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

If the offence is committed by persons who hold positions of representation, administration or management of the company or of one of its organisational units with financial and functional autonomy, as well as by persons who manage and control the same, even de facto, the company shall not be liable if it proves that:

- the management body had adopted and effectively implemented, prior to the commission of the offence, a Model suitable for preventing offences of the same nature as that committed;
- the task to supervise the implementation of, and compliance with the Model and to ensure its updating has been entrusted to a company body with autonomous initiative and control powers;
- the subjects committed the offence by fraudulently evading the Model;
- there has been no omitted or insufficient supervision by the supervisory board regarding the Model.

If, on the other hand, the offence is committed by persons subject to the management or supervision of one of the persons indicated above, the company shall be liable if the offence was committed as a consequence of failure to comply with the management and supervisory obligations. In any event, this non-compliance shall be excluded if the company, prior to the commission of the offence, had adopted and effectively implemented a Model suitable for preventing offences of the same nature as that committed.

### 1.3. Confindustria Guidelines

By express legislative provision (art. 6, paragraph 3, Legislative Decree no. 231 of 2001), the organisation and management models may be adopted based on codes of conduct drawn up by the associations representing the entities, communicated to the Ministry of Justice that, in agreement with the competent Ministries and within 30 days, may issue observations on the suitability of the models to prevent offences.



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The company is a member of Confindustria, which in 2002 issued the first version of its "*Guidelines for the construction of Organization, Management and Control Models pursuant to Legislative Decree no. 231 of 2001*", most recently updated in 2014.

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

- identification of the areas of risk, in order to highlight the corporate functions within which the prejudicial events provided for by the Decree may occur;
- preparation of a control system capable of preventing risks through the adoption of specific protocols.

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

- Code of Ethics;
- organizational system;
- manual and IT procedures;
- powers of authorization and signature;
- control and management systems;
- communication to and training of staff.

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

- verifiability, documentability, consistency and congruity of each operation;
- application of the principle of segregation of duties;
- documentation of controls;
- provision of a suitable sanctioning system for the violation of the rules of the Code of Ethics and the protocols.

As required by the regulation, the Board responsible for supervising the organisational model shall possess suitable requisites, which can be summarised as follows:

- autonomy and independence;
- professionalism;
- continuity of action.

Finally, the company shall guarantee that the Supervisory Board:

- has access to and can manage appropriate financial resources for the performance of its tasks;
- receives specific information flows.

In this regard, it is necessary to specify that, without prejudice to the requirements imposed by the regulations, failure to comply with specific points of the aforementioned Guidelines shall not affect the general validity of the Model. As a matter of fact, the Model adopted by the company shall necessarily be prepared specifically referring to the actual situation of the entity, and therefore it may also deviate from the Confindustria Guidelines, that are of a general nature.



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#### 2. Adoption of the Organisation, Management and Control Model

The Company is attentive to the need to ensure fairness and transparency conditions in the performance of business and corporate activities. To this end, although the law provides that adoption of the Model is optional and not compulsory, the Company, also upon request of the Parent Company, has started a project focused on continuous analysis of the corporate context. This is aimed at highlighting the areas and methods that may lead to the crimes provided for by Legislative Decree no. 231 of 2001, and consequently developing an Organizational Model consistent with the specific business activity. This analysis has also included the evaluation of the organisation, management and control tools already in use, for the purpose of verifying their effectiveness in terms of risk containment.

To ensure that the Organizational Model thus developed remains effective over time, MP3 S.R.L. has also envisaged a continuous monitoring process for its activity, both in relation to the predicate offences identified, as well as regarding the regulatory evolution that Leg. Decree 231 of 2001 may be subject to. In the event that the monitoring process highlights company activities that are subject to the risk of committing one or more alleged crimes, or possible new crimes that the Legislator can decide to include in the Decree, MP3 S.R.L. shall evaluate the opportunity to integrate this Model with new control measures and/or new Special Parts.

This initiative has been taken in the belief that the adoption of the Model may constitute a valid tool for raising the awareness of all those who work in the name and on behalf of the Company, so that they behave correctly and consistently in the performance of their activities, thus preventing the risk of committing the crimes provided for by the Decree.

In this regard, it should be noted that the Organizational Model pursuant to Legislative Decree no. 231 / 2001 of MP3 S.R.L. is part of a very rigorous control organisation, based on the implementation of management systems to monitor various aspects:

- UNI EN ISO 9001:2015 certified quality management system,
- hygiene and health safety system according to the BRC (British Retail Consortium) Global Standard for Food Safety certified standards,
- membership in the IPPR association (Institute for the Promotion of Recycling Plastics), with the awarding of the PSV (Plastics Second Life) mark attesting to the adoption of an environmental product certification system for materials and products obtained from plastic waste recycling,
- adoption of a Personal Data Self-regulatory Code ensuring that personal data are processed in accordance with Legislative Decree 196/03 and EU Regulation 2016/679.

The Management Systems and the Self-Regulatory Code are an integral and substantial part of the Model.



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#### 2.1. Aims and objectives pursued with the adoption of the Model

With the adoption of its Organisational Model, the Company aims to:

- verify that all persons working in the name and on behalf of the Company in the activity areas at risk are aware that they may incur in offences subject to criminal sanctions against them, and administrative sanctions imposed on the Company in the event of violation of the provisions contained therein;
- reiterate that these forms of illegal behaviour shall be strongly condemned by the Company, since they are always contrary to the provisions of the law and to the Group's "Code of Ethics" that the Company intends to follow in performing its business activities (even if the Company may apparently benefit from them);
- thanks to a monitoring action on the activity areas at risk, allow the company to promptly take measures in order to prevent or countering the commission of the offences in question.

In relation to the above, the Organizational Model of MP3 S.R.L. has the purpose to:

- define a clear and formalised organisational system, for the purposes of preventing alleged offences pursuant to Legislative Decree no. 231 of 2001;
- assign powers (authorizations and signatures) consistent with the Company's management responsibilities;
- establish procedures for recording, authorising and verifying each operation deemed critical;
- establish a Supervisory Board with autonomous initiative and control powers;
- define appropriate information flows within the Company and/or addressed to the Supervisory Board;
- train personnel on the characteristics of the Model and the responsibilities of each individual;
- identify an appropriate disciplinary system to sanction any conduct or acts that do not comply with the provisions of the Model and the Group's Code of Ethics.

#### 2.2. Fundamental elements of the Model

In relation to the provisions of Article 6, paragraph 2, of Legislative Decree No. 231 of 2001 and the Confindustria Guidelines, the fundamental requirements in the development of an Organisational Model can be briefly summarised as follows:

- mapping of "sensitive" company activities, i.e. those activities that, due to their nature and scope, may lead to commission of the offences referred to in the Decree and are therefore subject to analysis and monitoring;
- analysis of existing protocols and definition of their implementation with the aim of assuring suitable control principles in relation to "sensitive" company activities;
- management of financial resources suitable to prevent the commission of offences;
- identification of the Supervisory Board (hereinafter also referred to as "Board" or "SB"), that shall be entrusted with specific supervisory tasks regarding the effective and proper implementation of the Model;
- definition of appropriate information flows to and from the Board;





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- information, awareness and dissemination - at all company levels - of the rules of conduct and procedures established within the Organisational Model;
- definition of the responsibilities in the approval, transposition, integration and implementation of the Model, as well as in the verification of its functioning and of the company conduct with relative periodic updating (*ex post* control).

### 2.3. Structure of the Organizational Model

#### Group Code of Ethics

The companies of ILPA Group, of which MP3 S.R.L. is a member, have formalised the ethical principles that inspire the management of their activities on a daily basis in a Code of Ethics, which also includes specific rules of conduct aimed at assuring a more effective control in the areas involving crime risks.

ILPA GROUP's Code of Ethics:

- bases its relations with third parties, especially with the Public Administration, on principles of correctness and transparency;
- draws the attention of the employees, collaborators, suppliers and, in general, of all the operators with whom it works, to the timely observance of applicable legislation, of the behavioural rules provided for by the Code of Ethics itself and by the Organisational Models, as well as of the procedures that monitor the company processes;
- identifies specific criteria of conduct, that shall be adopted in the course of daily activities, addressed to all those who work in with the companies of the Group.

#### Organisational, Management and Control Model

This is the set of instruments (described in this General Section, in the Special Sections and in the relative Procedures) aimed at monitoring and managing processes potentially at risk, preventing illegal conduct, sanctioning, repressing and countering possible violations of the law, as well as of the company rules and principles.

The General Section, in addition to providing a brief introduction to the legislation, aims to describe:

- the organizational structure of MP3 S.R.L., with particular reference to the various functions and related tasks and responsibilities;
- the constituent principles of the disciplinary system;
- the criteria adopted for the appointment of the Supervisory Board.

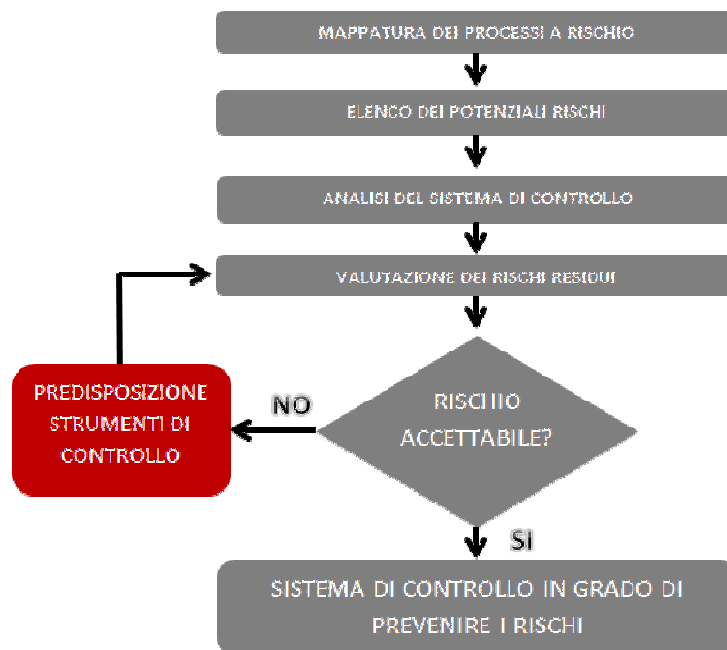
The Special Sections, on the other hand, refer to all administrative offences which, based on a risk analysis, may in abstract terms be committed in the course of the company operations. In fact, for each family of offences, the company areas at greatest risk are identified, and specific actions and/or containment procedures

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aimed at avoiding or at least reducing the possibility of committing one or more alleged offences are duly referred to.

As regards the methods used, the process that led to the Model drafting first required proper identification of the potential crime risks connected with the company's activities, through a risk analysis that involved the following activities:

1. based on the analysis of the company's structure, activities and organisation, the areas and processes most likely to be subject to the risk of committing the offences provided for by Legislative Decree no. 231 of 2001 (Identification of specific risks) were identified;
2. the organisational analysis was studied in depth by checking the management procedures, protocols, information flows and instructions already in place within the company, with particular reference to their suitability and effectiveness in terms of prevention of the specific offences identified (Analysis of the existing control system);
3. where the existing control system proved to be insufficient, corrective measures and/or additions were identified, in order to bring the risk of committing the identified offences to an acceptable level to all effects (Adaptation of the preventive control system).



MP3 S.R.L.'s risk containment actions and procedures have been developed in the light of three key rules and namely:

1. segregation of the roles in carrying out activities at risk;
2. traceability of decision-making processes, i.e. clear identification of intermediate levels of authorisation and control;
3. decisions taken on the basis of objective criteria, regardless of purely personal assessments.



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#### **Disciplinary system**

As expressly required by the legislation on the administrative responsibility of entities, MP3 S.R.L. has established a suitable disciplinary system, commensurate with the violation and with a primary preventive purpose. The system shall be applied in the event of violation of the regulations envisaged in the Group's Code of Ethics, as well as of the procedures provided for by the Model.

The system provides for sanctions for each recipient, according to the different type of relationship: like the Model, it has actually been conceived for the top management, all employees, collaborators and third parties who work on behalf of MP3 S.R.L. or have legal relations with it, envisaging appropriate disciplinary measures in some cases and contractual measures in others.

#### **Supervisory Board**

The Organisational Model is completed with the establishment of a Supervisory Board (SB) that, as provided for by Article 6 of Legislative Decree no. 231 of 2001, shall have autonomous initiative and control powers in order to supervise the implementation, effectiveness and observance of the same Organisational Model, also verifying its updating.

The appointment of a Supervisory Board is a necessary condition for ensuring the effective adoption of the OCMM and for enjoying the liability exemption provided for by the legislation.

### **2.4. Approval and implementation of the reference principles of the Model and of the Group Code of Ethics**

Since the Model is an "act emanated by the executive body" (in compliance with the provisions of art. 6, paragraph 1, letter a) of the Decree), the Board of Directors shall be responsible for preparing, approving and implementing it, by means of a specific resolution.

Similarly, the adoption of the Group's Code of Ethics shall also be approved by resolution of the Board of Directors, as it is an integral and substantial part of the Organisational Model.

### **3. Structure and organization of MP3 S.R.L.**

MP3 S.R.L., a company in operation since 2016, is fully owned by the parent company ILPA S.P.A. and operates in the plastics sector. Its main corporate purpose is *"the production of plastic laminates, the processing, transformation, sale and trade, import and export of plastic materials, plastic articles and related products, as well as any other activity related or connected with the production of plastic materials. The company's purpose is also the provision of logistics services to the group companies"*

In order to carry out its functions and activities, MP3 S.R.L. employs about 210 people, including employees and collaborators, that work in team with external consultants with whom specific agreements are stipulated.



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The registered and administrative office of the Company is in Bazzano, Via Castelfranco, 52 - Valsamoggia (BO), while the manufacture of plastic sheets, foils, tubes and profiles is carried out at the operational headquarters, located in the same place, but at 36/38 Via Muzza Spadetta.

MP3 S.R.L. organization can be outlined as follows:

- 1) **Sole Director**;
- 2) **Special proxy** in financial/banking areas;
- 3) Service contracts (formalised service contracts) relating to services managed by the Parent Company: in particular these are general services, administrative and financial processes, management of IT systems, human resources, purchasing, logistics and research and development;
- 4) No. 5 Operating Business Units, named as follows:
  - a. Commercial area,
  - b. Marketing area,
  - c. Production area
  - d. Technical area
  - e. Research and development

It should be specified that the company business activities are carried out in close synergy with the Parent Company, through various service contracts which outsource those activities that are not strictly productive to ILPA S.P.A.

As the parent company, ILPA S.P.A. carries out certain activities on behalf of its subsidiaries. The functions concerned are as follows:

- Administrative and Financial Management;
- IT infrastructure management;
- Human Resources Management and General Services;
- Centralised Purchase Management;
- Logistics management;
- Research and development.

#### 4. Mapping of sensitive processes

The processes considered relevant for the purposes of the Model preparation are those which, following specific analysis, have highlighted risk profiles, even if only potential, connected with the violations that may be committed in relation to the alleged offences indicated in Legislative Decree no. 231 of 2001.

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Based on the analysis of the company organization, on the actual decision-making and operational centres of the company, the following 4 sensitive macro-areas can be identified for the purposes of the organizational model

:

**Administrative, financial,  
human resources and  
management process**

- Accounting and financial management
- Management of corporate obligations
- Management of intercompany relations
- Management of public contributions and relations with the PA for licenses and authorizations
- Litigation management
- Personnel selection, recruitment
- Management of training needs
- Management of labour relations, bonuses, duties, progressions
- Management of disciplinary measures

**Procurement Process**

- Supplier selection and evaluation
- Issuing orders and contracts
- Selection, validation and monitoring of processes entrusted to external suppliers
- Verification of purchased products/services
- Complaint management
- Logistics management

**Design, Development,  
Production process;  
Internal IT Systems  
Management Process**

**Business Process and  
Strategic  
Relationships**

- Commercial/promotional communication management
- Initial analysis of feasibility requirements
- Issuing offers and quotations
- Delivery and installation management
- After-sales service management
- Participation/management of calls for tenders
- Complaint management

For each of the processes defined above, an in-depth analysis was carried out to identify the potentially applicable alleged offences, in relation to which the risk acceptability level was subsequently calculated by applying the formula  $R=P \times M$ , where:



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**R** = Risk index;

**P** = Probability: expresses the number of times a damaging event may occur (value between 1 and 5);

**M** = Magnitude: is the quantification of the harmful event, once it has occurred (value between 1 and 5).

Degree of probability and magnitude	Value
<b>Very high</b>	<b>5</b>
<b>High</b>	<b>4</b>
<b>Moderate</b>	<b>3</b>
<b>Low</b>	<b>2</b>
<b>Negligible</b>	<b>1</b>

P x M	1	2	3	4	5
1	1	2	3	4	5
2	2	4	6	8	10
3	3	6	9	12	15
4	4	8	12	16	20
5	5	10	15	20	25

If P x M	1 – 5	No action (acceptable risk)
If P x M	6 – 10	Action required within 1 year
If P x M	11 – 16	Action required within 1 month
If P x M	17-25	Action required within 3 days

The evaluation shall be periodically updated and modified if significant violations of risk containment actions are identified, if there are changes in the organisation or in the reference standards and, in any event, whenever there is a change in the risk index.

### 5. Control tools in potential risk activities

MP3 S.R.L. has envisaged some useful orientation and monitoring tools for the different sensitive processes. These shall be added to the pre-existing control and verification system and shall be applied, in particular, to the activities with a higher risk.



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The control tools thus identified include:

- ethical principles** of the Company, also on the basis of the provisions of the Group Code of Ethics;
- rules of conduct** suitable for ensuring that company activities are carried out in compliance with laws, regulations and the integrity of company assets;
- system of delegations and powers of attorney** through which, within the company organisation chart, specific powers and responsibilities are assigned;
- internal procedures to monitor the processes that may give rise to the conditions, opportunities or means for committing the types of offences provided for by Legislative Decree no. 231 of 2001. Each internal procedure shall be characterised by the following elements:
  - o definition and regulation of the methods and timing for carrying out the activities;
  - o traceability of the deeds, operations and transactions by means of suitable documentary support attesting to the characteristics and motivations of the operation and identifying the persons involved in various ways in the same (authorisation, execution, registration, verification phases);
  - o clear definition of the responsibilities related to the different activities;
  - o objective criteria for taking business decisions;
  - o suitable formalisation and dissemination of the procedures to the company's personnel and collaborators;
- segregation of duties**, by means a fair distribution of responsibilities and appropriate levels of authorisation among the various company functions, in line with the tasks assigned and the positions held within the organisation, in order to avoid functional overlaps or operational allocations that concentrate critical activities on a single person;
- monitoring activities** and security mechanisms that assure adequate protection/access to company data and assets;
- documentation of the control activities** carried out on the company transactions.

The control systems in place for each sensitive process/activity at risk highlighted are summarised in the Special Sections of this Model.

## 6. Dissemination of the Model and training of resources

The principles of the Code of Ethics and of the Organizational Model shall be addressed to all those who work to achieve the company's corporate purpose and objectives (hereinafter referred to as "recipients"). Therefore, these shall include the members of corporate bodies, employees, external collaborators, consultants, trade and/or financial partners, as well as all persons involved in the control and supervisory functions of the company, such as, for example, legal auditors and members of the Supervisory Board pursuant to Legislative Decree no. 231 of 2001.



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Based on the above, timely and consistent dissemination of the contents of the Code of Ethics and of the Organisational Model to the recipients shall constitute a guarantee and control instrument of primary importance.

For this reason, MP3 S.R.L. has drawn up specific lists for the dissemination of the documents that make up the Organizational Model, differentiating the stakeholders between "Subjects within the company" and "Subjects outside the company", as in the following diagram:

SUBJECTS WITHIN THE COMPANY	MODEL 231	CODE OF ETHICS
Shareholders	√	√
Board of Directors	√	√
Control body	√	√
Auditor	√	√
Supervisory Board	√	√
Data Security Officer	√	√
Quality Manager	√	√
Administrative Manager	√	√
BU managers	√	√
Other	√	√
SUBJECTS OUTSIDE THE COMPANY	MODEL 231	CODE OF ETHICS
Lenders	Relevant parties	√
Public bodies (Region/Province/Municipality)	Relevant parties	√
Inspection bodies (on request)	√	√
Consultants/Suppliers	Relevant Parties	√
Customers	Relevant parties	√
Others (only subject justified request to the management)	√	√

### 6.1. Dissemination to Internal Functions

For the dissemination of the contents of its Organizational Model to the Internal Functions, MP3 S.R.L. shall adopt the following procedure:

- an initial communication shall be sent to all internal functions, concerning the adoption of the Organisational Model 231 by the Company;





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- a copy of the Code of Ethics and the Organisational Model 231 shall be delivered directly or through computer access to all newly hired staff, indicating the Special Part(s) of interest, in order to provide them with knowledge considered of primary importance;
- each employee shall certify to have read the Code of Ethics and the Organisational Model 231 by signing a special form for acceptance of their content;
- the reference documentation shall be stored (Organisational Model, Code of Ethics, forms, procedures, etc.) in a dedicated area of the company server, where it shall be kept constantly updated and available to all personnel for consultation.

In addition to the above, MP3 S.R.L. shall adopt training/information programmes for all the persons working within the Company, according to the position held, the powers and proxies assigned and the risk level of the company area in which they operate.

The information and training activities shall be planned and carried out at the time of hiring or at the beginning of the employment relationship, as well as when there are changes in the employee's function, or when there are changes in the Model or in the event of other factual or legal circumstances that make such activities necessary in order to ensure proper application of the provisions set out in the Decree.

Participation in the training courses is mandatory.

### **6.2. Dissemination to External Functions**

The Code of Ethics, together with an abstract of the Organisational Model (where sensitive or confidential information will be omitted) shall be published on the Company's website in order to make it available to all interested External Functions.

MP3 S.R.L. shall inform the subjects who operate on behalf of the Company under the supervision and coordination of the company's top management (this refers in particular to consultants and/or external collaborators who operate in areas and activities at risk) of the existence of the behavioural and procedural rules of interest. MPR S.R.L. shall provide them with specific information on the policies and procedures adopted by the Company on the basis of the Model, as well as on the consequences that any behaviour contrary to the provisions of the Model and of the Code of Ethics, or to applicable legislation, may have with regard to contractual relations.

In addition, special clauses shall be included in the contractual relationships with these subjects, envisaging the termination of the relationship with MP3 S.R.L. in the event of violation of the above mentioned behavioural and procedural rules.

## **7. Supervisory Board**

Article 6, paragraph 1, letter b), of Legislative Decree No. 231/01, referring to the company exemption from liability, to the adoption and effective implementation of an Organisation, Management and Control Model suitable for preventing that the offences considered by the legislation be committed, has provided for the establishment of an



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internal Supervisory Board (hereinafter also referred to as "SB"), that shall be specifically in charge of "supervising the implementation of, and compliance with the Organisational Model and ensuring its updating".

#### 7.1. The requirements

The requirements that shall characterise the Supervisory Board are:

- autonomy:** the tasks assigned to the Supervisory Body require that it be endowed with autonomous initiative and control powers. In order to ensure the autonomy required, an appropriate expenditure budget shall be allocated to the Board. This shall be sufficient to assure performance of the control, verification and updating activities for the Model, there including, if necessary, the acquisition of consultancy services;
- independence:** the Supervisory Board shall not perform operational tasks, so that it is not involved in processes and/or activities that are subject to its supervision. However, in carrying out its activities and functions, the Board shall not be subject to the hierarchical and/or disciplinary power of any corporate body or function. Finally, there shall be no significant economic interests between the members of the Board and the Company. This requirement can be met, among other things, by ensuring that the Board's decisions are final and may not be questioned by the company's top management, and by providing for periodic reporting to the Board of Directors;
- professionalism:** the members of the Board shall have specific skills and experience for conducting audits and investigations; they shall also be duly knowledgeable with the activities that they shall supervise within the scope of their role. This characteristic, together with the requirement of autonomy and independence, shall assure that their judgements are objective.
- continuity of action:** the Supervisory Board shall be appointed for a sufficient period of time to ensure that it has full knowledge of the company's activities, the operational processes in place and the changes that may occur during the course of the company's life, in order to constantly monitor and update the Model over time.

The members of the SB shall also be required to meet certain subjective requirements, such as:

- integrity (art. 2, c. 1, lett. a) and b) and c. 2 of Ministerial Decree 162/2000);
- absence of causes of ineligibility and disqualification (art. 2382 civil code.);
- absence of convictions for one of the crimes the Decree applies to.

#### 7.2. Identification of the Supervisory Board

Based on the characteristics highlighted above, the specificity of the tasks assigned to the Supervisory Board, as well as on the current organization, MP3 S.R.L. has deemed it suitable to identify and regulate the Board either in a collective form, i.e. with a board composed of three members - an internal one without operational tasks within the company, and two external members, experts in criminal and company matters - or in a monocratic form, in the person of an external professional with proven experience and skills. The decision on whether adopting a collegial or monocratic form for the



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Supervisory Board shall be taken by the Board of Directors at the time of appointment. The remuneration of the members for their entire office term shall be determined at the same time.

Alongside the Supervisory Board, a "Head of the Organisational Model 231" may be appointed. This figure shall be responsible for supporting information collection, organising and providing the operational secretary services for the Board within the Company, for first level control and shall be a liaison between the Supervisory Board and the Company Functions.

The operations of the Supervisory Body shall be governed by specific Regulations, prepared by the same Board and shall be submitted to the Board of Directors for acknowledgement.

#### **7.3. Appointment, term of office and revocation**

The Board of Directors shall decide on the appointment of a collegial Board or monocratic Body, its composition and the remuneration for each member and for the entire office term.

The office term of the Board/Body shall be three years, renewable for an indefinite number of times.

At the end of each office term, or in the event of forfeiture, revocation or resignation, or in any case termination of the member, the Board of Directors shall verify the existence of the requirements indicated in paragraph 7.1 before any new appointment.

Furthermore, the Board of Directors may, at any time and with a motivated resolution, revoke the mandate of the Supervisory Board in the event that the requirements of autonomy and independence, integrity, professionalism and continuity of action necessary for the exercise of this function have ceased to exist, or when causes of incompatibility have occurred.

With the favourable opinion of the Board of Statutory Auditors, the Board of Directors may also revoke, before its natural expiry date and with a motivated resolution, the mandate of the Supervisory Board in the event of partial or global lacks in the performance of the tasks assigned, or if there is manifest negligence or inexperience in the performance of the same tasks.

#### **7.4. Functions and powers of the Supervisory Board**

The Supervisory Board shall be entrusted with the tasks defined by art. 6 of Legislative Decree no. 231 of 2001, there including:

- verification of the efficiency and effectiveness of the Organisational Model adopted with respect to preventing and impeding that the offences provided for by Legislative Decree no. 231 of 2001 be committed;
- verification of compliance with the methods and procedures provided for by the Organisational Model and identification of any behavioural deviations that may result from the analysis of information flows and from the reports that the managers of the various functions shall be bound to submit;



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- reporting any necessary updates and adjustments of the Organisational Model to the Board of Directors, in order to implement them via amendments and/or additions that may be required as a result of:
  - significant violations of the prescriptions of the Organizational Model;
  - significant changes in the internal structure of the Company and/or in the methods for performing the business activities;
  - legislation amendments to Legislative Decree no. 231 of 2001, or any amendments that provide for new hypotheses
    - of direct liability of a legal entity;
- following ascertainment of violations of the Organisational Model, reporting the same to the Board of Directors for decisions regarding disciplinary measures;
- preparing an information report for the Board of Directors, at least once a year, regarding the verification and control activities carried out and their outcome.

In carrying out its functions, the Supervisory Board shall have the faculty to:

- issue instructions and service orders to regulate its activities;
- access any company document relevant to the performance of the functions assigned to it pursuant to Legislative Decree no. 231 of 2001;
- make use of external consultants with proven professionalism in all events where this is necessary to perform verification and control activities;
- request information, data and/or news connected with the various corporate activities relevant to the Model from the members of the corporate bodies, the heads of the corporate functions and from all personnel in general. Such information and data shall be provided promptly.

The Board of Directors may at any time request information from the Supervisory Board, that may, in turn, ask to be heard in order to report on the implementation of the Model or on specific situations. The Board may also coordinate its activities with the other internal control bodies of the Company, such as the Control Body (Auditors) and the Legal Auditor.

### 7.5. Information flows

Art. 6, c. 2., lett. d) of Legislative Decree no. 231 of 2001 identifies specific "information obligations towards the Body in charge of supervising the implementation of, and compliance with the Models". A systematic and structured reporting system shall therefore be provided for. This shall apply to risk topics/facts that - when detected and analysed - will allow the Supervisory Board to take appropriate actions and start further investigations regarding any anomalous situations and/or offences.

For this purpose, the control procedures applicable to sensitive processes implemented by MP3 S.R.L. envisage, as an integral part, the activation of specific information flows addressed to the Supervisory Board. The number and type of information may change over time as a result of:

- insufficient and/or incomplete information that do not allow retrieval of useful indications to facilitate the supervisory activity on the effectiveness of the Organisational Model;



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- changes in the internal structure of the Company and/or the methods for performing the business activity;
- regulatory amendments to Legislative Decree no. 231 of 2001 or amendments that provide for new cases of direct liability of legal entities.

In addition to the above, in compliance with the provisions of par. 2-bis of the already mentioned art. 6 of Legislative Decree no. 231 of 2001, MP3 S.R.L. has decided to activate specific reporting channels in agreement with the Supervisory Board and in order to safeguard the company integrity. Such channels shall allow submitting detailed reports on illicit conducts, pursuant to the Decree and based on precise and concordant factual elements, or violations of the organizational and management model of the entity, that they have become aware of in connection with the functions performed. These channels shall assure that the identity of the whistleblower be handled as strictly confidential in the report management.

The Supervisory Board shall be informed through reports from employees, managers, other companies about facts that could lead to the company liability under Legislative Decree 231/01. The following requirements shall apply in this respect:

#### REPORTING BY COMPANY REPRESENTATIVES OR THIRD PARTIES

- employees, managers and consultants who become aware of facts or conduct that may constitute a violation of the Model or that are not in line with the rules of conduct adopted by the Company, shall have the opportunity to report them to the SB;
- whistleblowers shall be protected against any form of retaliation, and the confidentiality of their identity shall always be assured, without prejudice to all legal obligations and the protection of those who are accused wrongly and/or in bad faith;
- the Board shall evaluate the reports received and possible reporting to the Board of Directors;
- the reports shall be submitted in writing, not in anonymous form and shall be addressed to the Board, to the e-mail address specifically provided ([odv-whistleblowing-mp3@gmail.com](mailto:odv-whistleblowing-mp3@gmail.com)). Alternative reporting methods (e.g. regular mail) may also be identified;
- the reports received shall be collected and stored in a special archive accessible only to the members of the Supervisory Board.

The Whistleblowing Law (Law no. 179/2017, in force since 29.12.2017) amended Article 6 of Legislative Decree 231/01 by adding paragraphs 2-bis., 2-ter and 2-c, thus extending whistleblowing to the private sector as well.

In particular, the Decree now expressly establishes that the Models shall provide for:

- a) one or more channels allowing the top management and employees to submit - in order to protect the integrity of the company - detailed reports of unlawful conduct (pursuant to the Decree and based on accurate and consistent facts) or violations of the same organizational and management Model that they have become aware of in connection with the functions performed;



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- b) at least one alternative reporting channel capable of protecting, by IT means, the confidentiality of the whistleblower's identity;
- c) the prohibition of retaliatory or discriminatory actions (direct or indirect) against the whistleblower, for reasons directly or indirectly related to the report;
- d) disciplinary sanctions against those who violate the whistleblower protection measures. Using the aforementioned discriminatory measures against the whistleblower may be reported to the National Labour Inspectorate, to the extent of its competence, not only by the whistleblower but also by the trade union organization indicated by the whistleblower. Any retaliatory dismissal (or change of job tasks or other retaliatory or discriminatory measure taken against the whistleblower) shall be null and void. In this regard, the employer shall be bound to prove, during the proceedings, that any negative (broadly speaking) measures taken against the whistleblower have been based on reasons extraneous to the report.

Pursuant to this provision and in particular to the provisions under letter b), the SB can be informed directly using the e-mail address indicated above, as this is not connected to the company IT system.

### INFORMATION REQUIREMENTS RELATING TO OFFICIAL ACTS

In addition to the above-mentioned reports, it is mandatory to send the Supervisory Board information concerning:

- acts, measures, communications and/or news coming from the judicial police or other authorities, relating to investigations carried out in relation to the hypothesis that any of the offences referred to in Legislative Decree no. 231/ 2001 have been committed;
- requests for legal assistance forwarded by employees, consultants, etc., to the company in the event of legal proceedings commenced;
- reports prepared by the heads of company departments as part of their control activities and that may highlight facts or omissions of a critical nature regarding compliance with the Decree provisions;
- news relating to disciplinary proceedings against the recipients of the Organisational Model or measures for dismissal of the same with the relative reasons, if they are linked to the commission of offences pursuant to Legislative Decree 231/01 or violation of the Model;
- initiation of investigations or inspections by judicial or supervisory authorities;
- changes in the delegation and proxy system and changes in the articles of association or organisational structure;
- any applications to obtain public funds to manage or to obtain financial instruments for funds already managed.



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#### 7.6. Reports of the Supervisory Board

The Supervisory Body shall report periodically and as necessary on the implementation of the Model and shall suggest the need for updates, if any. The SB may use two reporting systems:

- the first one provides for ongoing reporting to the Chairman of the Board of Directors or to the Sole Director in the event of particularly significant events regarding relevant violations of the Model that may suggest the commission or attempted commission of offences that may lead to the application of liability under Legislative Decree no. 231/2001. A copy of this communication shall also be sent to the Control Body.
- the second system provides for periodic reporting, at least once a year, to the Board of Directors and the Control Body.

In any event, the Board of Directors shall have the right to request the SB information regarding the performance of their supervisory activities.

In order to safeguard the principles of autonomy and independence, MP3 S.R.L. shall adopt specific forms of protection for the Supervisory Board, in order to avoid risks of retaliation to its detriment for the activity carried out: in particular, any act that changes or interrupts the relationship of the Company with the members of the SB shall be submitted to the binding opinion of the Control Body.