

HEXPOL Garlasco Ltd.

GENERAL SECTION

**of the Organisation Model,
Management and Control Model *pursuant*
to Legislative Decree 231/2001 and
subsequent amendments and additions**

Revision	Approval	Nature of amendments
Rev. 0	Board of Directors meeting of 16/12/2024	First adoption

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DEFINITIONS

- **Company:** HEXPOL Garlasco S.r.l. with registered office in Garlasco (PV) – 27026, at Via Borgo San Siro 66
- **Decree or Legislative Decree 231/2001:** Legislative Decree No. 231 of 8 June 2001, as amended or supplemented
- **Entities:** any legal entity to which the provisions of the Decree apply
- **P.A.:** Public Administration
- **Confindustria guidelines:** Confindustria guidance document (updated in June 2021) for the construction of the Organisation, Management and Control Models referred to in the Decree
- **Model:** Organisation, management and control model pursuant to Legislative Decree 231/2001 adopted by the Company's administrative body
- **Sensitive activities:** activities of the Company in which there is a risk, even potential, of committing the offences referred to in the Decree
- **General prevention protocols:** measures designed to prevent the commission of offences referred to in the Decree
- **Code of Ethics:** document containing the declaration of values, the set of rights, duties and responsibilities of the Company towards its 'stakeholders' (employees, suppliers, customers, etc.). It is an integral and substantial part of the Model
- **Supervisory Body or SB:** body provided for in Article 6 of the Decree, responsible for supervising the functioning and observance of the Model and its updating
- **Senior management:** persons who hold representative, administrative or management positions in the Company or in one of its financially and functionally autonomous units, as well as persons who exercise, even de facto, the management or control of the Company
- **Subordinates:** persons subject to the management or supervision of the persons referred to in the previous point
- **Consultants and collaborators:** persons who, by virtue of their professional skills, provide their intellectual services to or on behalf of the Company on the basis of a mandate or other professional collaboration relationship

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- **Employees:** persons who have an employment contract with the Company, a quasi-employment contract or are supplied by employment agencies
- **Business partners:** the Company's contractual counterparties, natural or legal persons, with whom it establishes any form of contractually regulated collaboration
- **CCNL:** National Collective Labour Agreement currently in force and applied by the Company
- **Model implementation tools:** organisational chart, conferral of powers (delegations and/or powers of attorney), job descriptions, *policies*, procedures and operating instructions adopted by the Company
- **Report:** written or oral communication (addressed to the Report Manager) of information on violations (committed or alleged) of this Model, of the Code of Ethics adopted by the Company pursuant to Legislative Decree 231/2001 and/or of internal procedures, acquired in the workplace or in the context of business relations with the Company
- **Report Manager:** a person formally identified by the Company, who is independent and specifically trained, responsible for managing internal reports, identified within the Supervisory Body
- **Whistleblower:** a natural person who reports violations acquired within the scope of their work or collaborative or business relationships with the Company , including collaborators, interns, temporary workers, consultants, suppliers and *business partners*.
- **Reported person:** person mentioned in the Report, understood as the person to whom the violation is attributed or as the person involved in the reported violation.

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CHAPTER 1 - REGULATORY FRAMEWORK

1.1 Introduction

Legislative Decree No. 231 of 8 June 2001 introduced regulations governing the administrative liability of legal persons, companies and associations, including those without legal personality.

According to these regulations, entities may be held liable, and consequently sanctioned, in relation to certain offences committed or attempted, in the interest or to the advantage of the entities themselves, by senior managers and subordinates.

The administrative liability of the entity is distinct and independent from the criminal liability of the natural person who committed the offence and is additional to (not a substitute for) the latter. The entity's liability is excluded if, prior to the commission of the offences, it adopted and effectively implemented organisational, management and control models suitable for preventing the commission of offences of the same type as those committed.

1.2 Nature of liability

Legislative Decree No. 231 of 8 June 2001, in transposing international legislation on the fight against corruption, introduces and regulates the administrative liability of collective entities for offences, which until 2001 could only be held jointly and severally liable for fines, penalties and administrative sanctions imposed on their legal representatives, directors or employees.

The nature of this new form of liability is 'mixed'; it combines aspects of the criminal and administrative penalty systems. Under the Decree, the entity is punished with an administrative penalty, as it is liable for an administrative offence, but the penalty system is based on criminal proceedings.

The scope of the Decree is very broad and covers all entities with legal personality, companies, associations even without legal personality, public economic entities, and private entities that are concessionaires of a public service. However, the legislation does not apply to the State, local public entities, non-economic public entities, and entities that perform functions of constitutional importance (such as political parties and trade unions).

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

In addition to the commission of one of the predicate offences, other requirements (subjective and objective) must be met in order for the Entity to be sanctioned pursuant to Legislative Decree 231/2001.

The first requirement is that the offence must be committed by persons linked to the Entity by a qualified relationship. In this regard, a distinction is made between:

- persons in 'senior positions', with positions of representation, administration or management of the Entity (e.g. legal representative, directors, persons who manage - even if only de facto - the Entity);
- 'subordinate' persons, i.e. all those who are subject to the management and supervision of senior persons. This category includes employees, collaborators and those persons who, although not part of the staff, perform specific activities/tasks under the direction and control of senior persons (e.g. collaborators and consultants who, on behalf of the Entity, carry out activities in its name and on its behalf).

The second requirement is that the offence must be committed in the interest or for the benefit of the Entity; it is sufficient for at least one of the two alternative conditions to be met:

- the 'interest' exists when the perpetrator of the offence acted with the intention of favouring the Entity, regardless of whether this objective was actually achieved;
- the 'advantage' exists when the Entity has derived - or could have derived - a positive result (economic or otherwise) from the offence.

The Decree provides for the exclusion of liability for the Entity if (jointly):

- the management body has adopted and effectively implemented, prior to the commission of the offence, organisational, management and control models suitable for preventing offences of the type that occurred;
- the task of supervising the functioning and observance of the Models and ensuring their updating has been entrusted to a Body within the Entity with autonomous powers of initiative and control;
- there has been no omission or insufficient supervision by the aforementioned Body.

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If the offence is committed by a person in a senior position, the Entity must demonstrate that the offence was committed by fraudulently circumventing the Model.

In the case of offences committed by persons in subordinate positions, the Entity may, however, be held liable only if it is established that the commission of the offence was made possible by a failure to comply with management or supervisory obligations, which is in any case excluded if, prior to the commission of the offence, the Entity had adopted an organisational, management and control Model suitable for preventing offences of the type committed. In this case, it is a matter of 'organisational negligence': the Entity indirectly consented to the commission of the offence by failing to monitor activities at risk of committing a predicate offence.

1.4 Type of offence

When it came into force, the Decree regulated the administrative liability of entities only in relation to offences against the public administration provided for in Articles 24 and 25.

Subsequent legislative measures have progressively expanded the list of predicate offences; the types of offences that are now likely to give rise to the administrative liability of entities, if committed in their interest or to their advantage by the above-mentioned persons, are expressly referred to in Articles 24 to 25-*duodevicies* of the Decree, as well as in Law 146/2006 on transnational offences. To date, the offences covered by Legislative Decree 231/2001 are:

- Unlawful receipt of payments, fraud against the State, a public body or the European Union or for the purpose of obtaining public funds, computer fraud against the State or a public body and fraud in public procurement (Article 24 of Legislative Decree 231/2001);
- Computer crimes and unlawful data processing (Article 24-bis of Legislative Decree 231/2001)
- Organised crime offences (Article 24-ter of Legislative Decree 231/2001);
- Embezzlement, misappropriation of money or movable property, extortion, undue inducement to give or promise benefits, corruption (Article 25 of Legislative Decree 231/2001);
- Offences of counterfeiting currency, public credit cards, revenue stamps and identification instruments or marks (Article 25-bis of Legislative Decree 231/2001);

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- Offences against industry and commerce (Article 25-bis.1 of Legislative Decree 231/2001);
- Corporate offences (Article 25-ter of Legislative Decree 231/2001)
- Crimes for the purpose of terrorism or subversion of the democratic order (Article 25-quater of Legislative Decree 231/2001);
- Practices of female genital mutilation (Art. 25 quater.1 Legislative Decree 231/2001);
- Crimes against the individual (Art. 25-quinquies of Legislative Decree 231/2001);
- Market abuse (Article 25-sexies of Legislative Decree 231/2001);
- Manslaughter or serious or very serious injury committed in violation of occupational health and safety regulations (Article 25-septies of Legislative Decree 231/2001);
- Offences of receiving stolen goods, money laundering, use of money, goods or benefits of illegal origin, as well as self-laundering (Article 25-octies of Legislative Decree 231/2001);
- Offences relating to non-cash payment instruments and fraudulent transfer of assets (Article 25-octies.1 of Legislative Decree 231/2001);
- Offences relating to copyright infringement (Article 25-novies of Legislative Decree 231/2001);
- Offence of inducing others not to make statements or to make false statements to the judicial authorities (Article 25-decies of Legislative Decree 231/2001);
- Environmental offences (Article 25-undecies of Legislative Decree 231/2001);
- Offence of employing third-country nationals whose stay in the territory of the State is irregular (Article 25-duodecies of Legislative Decree 231/2001);
- Crime of racism and xenophobia (Article 25-terdecies of Legislative Decree 231/2001);
- Fraud in sports competitions, illegal gambling or betting and gambling using prohibited devices (Article 25-quaterdecies of Legislative Decree 231/2001);
- Tax offences (Art. 25-quinquiesdecies of Legislative Decree 231/2001);
- Smuggling (Article 25-sexiesdecies of Legislative Decree 231/2001);
- Crimes against cultural heritage (Art. 25-septiesdecies of Legislative Decree 231/2001);

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- Money laundering of cultural assets and devastation and looting of cultural and landscape assets (Article 25-duodevicies of Legislative Decree 231/2001);
- Transnational offences (Law No. 146 of 16 March 2006, Art. 10).

The *Risk Assessment* activity – preliminary to the development of the Model and the Company's actions – made it possible to identify the offences that could theoretically be attributed to the Company, which are:

- Offences in relations with the Public Administration (Articles 24 and 25 of Legislative Decree 231/2001);
- Computer crimes and unlawful data processing (Article 24-bis of Legislative Decree 231/2001);
- Organised crime offences (Article 24-ter of Legislative Decree 231/2001);
- Counterfeiting of currency, public credit cards, revenue stamps and identification instruments or marks (Article 25-bis of Legislative Decree 231/2001);
- Crimes against industry and commerce (Art. 25-bis.1 Legislative Decree 231/2001);
- Corporate offences and corruption between private individuals (Article 25-ter of Legislative Decree 231/2001);
- Crimes against the individual (Art. 25-quinquies of Legislative Decree 231/2001);
- Manslaughter or serious or very serious injury committed in violation of the rules on health and safety at work (Article 25-septies of Legislative Decree 231/2001);
- Receiving, laundering and use of money, goods or benefits of illegal origin, as well as self-laundering (Article 25-octies of Legislative Decree 231/2001);
- Offences relating to non-cash payment instruments and fraudulent transfer of assets (Article 25-octies.1 of Legislative Decree 231/2001);
- Offences relating to copyright infringement (Article 25-novies of Legislative Decree 231/2001);
- Offence of inducing others not to make statements or to make false statements to the judicial authorities (Article 25-decies of Legislative Decree 231/2001);

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- Environmental offences (Article 25-undecies of Legislative Decree 231/2001);
- Offence of employing third-country nationals whose stay in the territory of the State is irregular (Article 25-duodecies of Legislative Decree 231/2001);
- Tax offences (Art. 25-quinquiesdecies of Legislative Decree 231/2001);
- Smuggling (Article 25-sexiesdecies of Legislative Decree 231/2001);
- Transnational offences (Law No. 146 of 16 March 2006, Art. 10).

The Special Section of the Model describes the types of offences applicable to the Company, potentially related sensitive activities, general principles and control measures implemented.

1.5 Penalty system

In the event of conviction under the Decree, the Entity may be subject to the following types of sanctions:

1. *financial penalty*: always applied. It is calculated using a system based on quotas determined by the judge in terms of number and amount: the number of quotas, to be applied between a minimum and a maximum that vary depending on the type of offence, depends on the seriousness of the offence, the degree of responsibility of the entity, and the activities carried out to eliminate or mitigate the consequences of the offence or to prevent the commission of other offences; the amount of the individual share is set between a minimum of €258.00 and a maximum of €1,549.00 depending on the economic and financial conditions of the Entity;
2. *Disqualification penalties*: these are applied, in addition to financial penalties, only if expressly provided for the offence for which the Entity is convicted and if at least one of the following conditions applies:
 - the Entity has derived significant profit from the offence and the commission of the offence is the result of serious organisational shortcomings;
 - repeated offences.

The disqualification sanctions provided for in the Decree are:

- temporary or permanent disqualification from carrying out the activity;
- the suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;

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- prohibition from contracting with the Public Administration, except for the purpose of obtaining public services;
- exclusion from benefits, financing, contributions or subsidies and the possible revocation of those already granted;
- temporary or permanent prohibition from advertising goods or services.

Exceptionally applicable with definitive effects, disqualification sanctions are temporary and concern the specific activity of the Entity to which the offence refers. Such sanctions may also be applied as a precautionary measure, prior to conviction, at the request of the Public Prosecutor, if there is serious evidence of the Entity's liability and well-founded and specific elements that suggest a real danger of further offences of the same type as those being prosecuted;

3. *confiscation*: the conviction always includes the confiscation of the price or profit of the offence or of assets or other benefits of equivalent value. The profit from the offence has been defined by the Joint Divisions of the Court of Cassation (see Criminal Cassation, Joint Divisions, 27 March 2008, no. 26654) as the economic advantage directly and immediately resulting from the offence, and specifically determined net of the actual benefit obtained by the injured party in the context of any contractual relationship with the Entity;
4. *publication of the conviction*: this may be ordered when the Entity is sentenced to a disqualification penalty; it consists of the publication (at the Entity's expense) of the judgment, in extract or in full, in one or more newspapers indicated by the judge in the judgment, as well as by posting it in the municipality where the Entity has its main office.

1.6 Attempted offences

In cases of commission, in the form of attempts, of the offences indicated in Chapter I, Section III of Legislative Decree 231/2001 (Articles 24 to 25-*duodevicies*), the financial penalties (in terms of amount) and disqualification penalties (in terms of time) are reduced by one third to one half, while the imposition of penalties is excluded in cases where the Entity voluntarily prevents the action or event from taking place.

1.7 Offences committed abroad

According to Article 4 of the Decree, the Entity may be held liable in Italy for offences under Legislative Decree 231/2001 committed abroad if:

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- the offence is committed abroad by a person functionally linked to the Entity, pursuant to Article 5, paragraph 1, of Legislative Decree 231/2001;
- the Entity has its main office in Italian territory;
- the State where the offence was committed does not take action against the Entity.

1.8 Procedure for ascertaining the offence

Liability for administrative offences arising from crimes is ascertained in criminal proceedings. In this regard, Article 36 of Legislative Decree 231/2001 provides: "*The jurisdiction to hear administrative offences committed by the entity lies with the court with jurisdiction over the crimes on which they depend. For the procedure for ascertaining the administrative offence of the entity, the provisions on the composition of the court and the related procedural provisions relating to the offences on which the administrative offence depends shall be observed ().*

The criminal court ascertains the liability of the entity by verifying the existence of the predicate offence and analysing the suitability of the model adopted. An organisational model is considered "suitable for preventing offences" if, prior to the commission of the offence, it could reasonably be considered to minimise the risk of the offence subsequently occurring.

1.9 Organisational, management and control model

The Model operates as a cause for non-punishment for the Entity only if:

- it is effective, i.e. reasonably suitable for preventing the offence committed;
- effectively implemented, i.e. if its content is applied in company procedures and in the internal control system.

The Decree merely regulates certain general principles of the Organisation, Management and Control Model, without providing specific characteristics. As regards its effectiveness, the Decree stipulates that the Model must have the following minimum content:

- identification of the Entity's activities in which offences may be committed (so-called sensitive activities);
- provision of specific protocols aimed at planning the formation and implementation of the Entity's decisions in relation to the offences to be prevented;

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- identification of methods for managing financial resources suitable for preventing the commission of offences;
- introduction of a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model;
- provision of information obligations to the Supervisory Body;
- provision of internal reporting channels in accordance with Legislative Decree 24/2023 (implementing EU Directive 2019/1937 of the European Parliament and of the Council of 23 October 2019);
- provision for the prohibition of direct or indirect retaliation against the Whistleblower for reasons directly or indirectly related to the Report made.

The Decree provides that the Model shall be subject to periodic review and updating, both in the event of significant violations of the provisions contained therein and following significant changes in the organisation or activities of the Entity or updates to the relevant legislation.

1.10 Changes affecting the Entity

Articles 28 to 33 of the Decree govern the liability regime in the event of transformation, merger, demerger and transfer of a company.

In the event of transformation of the Entity, liability for offences committed prior to the date on which the transformation took effect remains unaffected. The new Entity will therefore be subject to the sanctions applicable to the original Entity for acts committed prior to the transformation.

In the event of a merger, the entity resulting from the merger is liable for the offences for which the entities participating in the merger were responsible. If the merger took place before the conclusion of the proceedings to ascertain the entity's liability, the judge must take into account the economic conditions of the original entity and not those of the entity resulting from the merger.

In the event of a demerger, the liability of the demerged entity for offences committed prior to the date on which the demerger took effect remains unaffected, and the entities benefiting from the demerger are jointly and severally liable for the payment of the financial penalties imposed on the demerged entity within the limits of the value of the net assets transferred to each individual entity, unless it is an entity to which the branch of activity in which the offence was committed has also been transferred, even in

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part. Disqualification penalties shall apply to the entity (or entities) in which the branch of activity in which the offence was committed has remained or been merged. If the split took place before the conclusion of the proceedings to ascertain the liability of the entity, the judge shall take into account the economic conditions of the original entity and not those of the entity resulting from the split.

In the event of the transfer or contribution of the business in which the offence was committed, without prejudice to the benefit of prior enforcement against the transferring entity, the transferee shall be jointly and severally liable with the transferring entity for the payment of the financial penalty, within the limits of the value of the transferred business and within the limits of the financial penalties resulting from the mandatory accounting records or due for offences of which the transferee was in any case aware.

1.11 Criminal liability in groups of companies

Decree 231 does not expressly address aspects related to the liability of an entity belonging to a group of companies.

The Italian legal system considers the group as a whole only from an economic perspective. From a legal perspective, it has no independent legal capacity and constitutes a grouping of entities with individual and distinct legal personalities.

The group cannot therefore be considered the direct centre of attribution of criminal liability: the existence of the criteria for attribution of liability must be explicitly identified in each of the companies belonging to the group.

On this point, the case law of the Court of Cassation has clarified that the interest or advantage of the entity in committing the offence must be verified in concrete terms, without any automatic assumption deriving from the company's membership of a group. Therefore, in order for another company in the group to be held liable for a crime, the offence committed in the subsidiary must have brought a specific and concrete benefit - actual or potential and not necessarily of a financial nature - to the parent company or another company in the group.

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CHAPTER 2 – THE ORGANISATION, MANAGEMENT AND CONTROL MODEL OF HEXPOL GARLASCO S.R.L.

2.1 Introduction

The adoption of the Model pursuant to Legislative Decree 231/2001 constitutes, for HEXPOL Garlasco S.r.l. , beyond the requirements of the law, a tool for raising awareness among all employees and all other parties involved (suppliers, customers, collaborators and consultants, etc.), to ensure that these parties adopt correct, safe and transparent behaviour in the performance of their activities, so as to prevent the risk of committing the offences covered by the Decree.

The Model was developed on the basis of the results of *the risk assessment* and *gap analysis* process, formalised in the documents '231 Risk Mapping and Assessment' and 'Gap Analysis - Deficiencies found in the internal control system and corrective actions to be implemented', which are on file with the Company.

2.2 objectives

The Model prepared by the Company is based on a complex, structured and organic set of procedures and controls aimed at monitoring the company's activities most exposed, even if only potentially, to the offences covered by the Decree, in order to prevent them from being committed, through:

- a regulatory system (contained in the Code of Ethics) that establishes general guidelines aimed at regulating the decision-making process in 'sensitive' activities;
- a system of corporate delegations and powers that ensures a clear and transparent representation of the corporate process of decision-making and implementation;
- the definition of consistent organisational structures to guide and control the correctness of conduct, ensuring a clear and systematic allocation of tasks and an adequate segregation of duties.

The purposes of the Model are therefore to:

- a) prevent and reasonably limit the possible risks associated with the Company's activities;
- b) to make all those who work in the name and on behalf of HEXPOL Garlasco S.r.l. aware that, in the event of violations of the provisions set out in the Model, they may incur a criminal offence punishable by criminal and administrative sanctions not only against themselves but also against the Company;

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- c) to reiterate that HEXPOL Garlasco S.r.l. does not tolerate unlawful conduct of any kind and regardless of any purpose, as such conduct, in addition to violating applicable laws, is contrary to the principles and values that the Company upholds.

2.3 The project for defining the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001

The process of developing the Model was divided into the following phases, summarised below:

Phases	Activity
Phase	<p>Identification of activities and processes (so-called sensitive activities) in which the offences referred to in Legislative Decree 231/2001 may be committed, in relation to the Company's business and the reference context:</p> <ul style="list-style-type: none"> - <u>Collection and analysis of company documentation</u> (including: Chamber of Commerce registration; company organisation chart; relevant documentation in the field of health and safety at work, consultancy assignments) - <u>Identification of persons who, based on their roles and responsibilities, have in-depth knowledge of sensitive activities</u> and existing control mechanisms
Phase 2	<p>Analysis of Sensitive Activities:</p> <p>Analysis of sensitive activities and existing control mechanisms, with particular attention to preventive controls and other <i>compliance</i> elements/activities; identification of the organisational requirements characterising a suitable Organisation, Management and Control Model <i>pursuant to Legislative Decree 231/2001</i></p>
Phase 3	<p>Definition of the Organisation, Management and Control Model:</p> <p>Development of the organisational model <i>pursuant to Legislative Decree 231/2001</i>, consistent with the <i>risk assessment</i> and <i>gap analysis</i> activities carried out. Formal approval of the model by the Company's administrative body.</p>

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2.4 The Organisation, Management and Control Model of HEXPOL GARLASCO S.R.L.

The HEXPOL Garlasco S.r.l. model was developed taking into account the company's activities, structure and size.

HEXPOL Garlasco S.r.l. is active in the production of additives and pigments in masterbatches for colouring thermoplastics and rubbers, additives and colour bases for silicone; it is a point of reference for rubber and plastic processors, distinguishing itself for excellence in service, expertise, product quality and research. The Company, a single-member company, is part of the Hexpol Group, *a top player* in the global rubber and plastics industry, and is certified to UNI EN ISO 9001:2015 and UNI EN ISO 14001:2015.

The company is managed by a Board of Directors, which is responsible for deciding on matters reserved exclusively for it by applicable law and/or the Articles of Association.

The Company is represented by the Chairman of the Board of Directors and the managing directors within the limits of the powers delegated to them and for the execution of the resolutions passed by the Board of Directors for which they are specifically responsible.

The corporate structure is outlined in the company organisation chart, which is kept up to date and formalises the organisational and management responsibilities assigned.

The Model will be updated as necessary based on the future evolution of the Company, the context in which it operates and any regulatory changes.

The Company has carried out a preliminary analysis of its context and business activities that present potential risk profiles in relation to the commission of the offences indicated in the Decree.

In particular, the following have been analysed: the context and sector to which it belongs, the company's organisational structure, the existing *corporate governance* system, the current system of powers of attorney and delegations, existing legal relationships with third parties, the operational reality, and the practices and procedures formalised and disseminated within the Company for the performance of business operations.

With regard to the possible commission of the offences of manslaughter and serious or very serious injury committed in violation of accident prevention regulations (Article 25-*septies* of the Decree), the corporate context was analysed and the related risks were assessed on the basis of the results of the checks carried out in compliance with the provisions of Legislative Decree 81/2008 and the special regulations related to it.

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2.5 Recipients and purposes of the Model

The HEXPOL Garlasco S.r.l. Model applies to:

- to the corporate bodies of management, administration and control;
- to company representatives: those who perform, even de facto, management, administration, direction or control functions within the Company;
- to Company employees;
- third-party recipients: those who have relations with the Company (e.g. customers, suppliers) and individuals who are not linked to the Company by corporate or employment ties, who act, internally or externally, on behalf of or in favour of the Company (e.g. consultants and *outsourcers*, collaborators under service contracts).

Directors and department heads who have relationships with external counterparties shall coordinate with the Supervisory Body in order to establish any additional categories of recipients of the Model, in relation to the legal relationships and activities carried out by them in relation to the Company.

All Recipients are required to comply with the provisions contained in the Model and in the instruments implementing it (e.g. delegations and powers of attorney, *policies*, procedures and company operating instructions).

By adopting the Model, the Company intends to comply fully with the Decree and to improve and make the existing internal control and *corporate governance* system as efficient as possible.

The main objective of the Model is therefore to create a comprehensive and structured system of control principles and procedures designed to prevent the commission of the offences provided for by Legislative Decree 231/2001.

The Model has the following specific objectives:

- to provide adequate information to employees, those acting on behalf of the Company, or those linked to it by relationships relevant to the Decree, with reference to Activities that involve the risk of potential offences being committed;
- to promote a corporate culture based on legality: the Company condemns any behaviour that does not comply with the law and/or internal provisions, including those contained in its Model;
- to promote a culture of control and *risk management*;
- implementing an effective and efficient organisation of business activities, with reference to the

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decision-making process, its transparency and traceability, the provision of preventive and subsequent controls, and the management of internal and external information;

- implement all necessary measures to reduce the risk of offences being committed as much as possible, enhancing existing safeguards in order to prevent unlawful conduct relevant to the Decree.

2.6 Services provided by third parties

Services provided by third parties (e.g. collaborators, consultants and business *partners*) that may relate to sensitive activities must be formally regulated by means of a contract/letter of appointment that requires the contractual counterparty to:

- the obligation to certify the truthfulness and completeness of the documentation produced and the information communicated to the Company in accordance with legal obligations;
- the commitment to comply, during the term of the contract, with the principles underlying the Model and Code of Ethics adopted by HEXPOL Garlasco S.r.l. as well as the provisions of Legislative Decree 231/2001 and to operate in line with them;
- the obligation to comply with any requests for information, data or news from the Supervisory Board of HEXPOL Garlasco S.r.l.

The Company will apply forms of protection (e.g. termination of the contract, application of penalties) where a violation of the above points is identified, without prejudice to any claim for compensation if such behaviour results in actual damage to HEXPOL Garlasco S.r.l.

2.7 Structure of the Organisational model of HEXPOL GARLASCO SRL

The Organisational, Management and Control Model of HEXPOL Garlasco S.r.l. consists of this General Section - , which deals with the regulations contained in Legislative Decree 231/2001, the operating principles of the Supervisory Body, the penalty system, the communication/dissemination of the Model, the management of *whistleblowing* reports - and a Special Part relating to company activities and processes at '231 risk', potentially related offences and the control measures implemented.

The following are an integral part of the Model:

- the instruments for its implementation (e.g. delegations and powers of attorney, job descriptions, *policies*, procedures and company operating instructions);

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- the Code of Ethics.

These documents are made available by the Company in accordance with the procedures established for their dissemination.

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CHAPTER 3 - THE SUPERVISORY BODY PURSUANT TO LEGISLATIVE DECREE 231/2001

3.1 Role and characteristics of the Supervisory Body

In compliance with the Decree, the Company establishes an autonomous, independent Supervisory Body (SB) competent in the control of risks related to the Company's activities and related legal issues.

The Supervisory Body is responsible for monitoring:

- the effectiveness of the Model in preventing the commission of offences referred to in Legislative Decree 231/2001;
- the effective implementation of the provisions of the Model in the conduct of company activities;
- the updating of the Model following changes in the company's structure and organisation, in the activities carried out by the Company or in the relevant regulatory framework.

The Supervisory Body must be selected on the basis of the following requirements:

- *autonomy and independence*, und by any form of interference or influence from any member of the Company and, in particular, from senior management (the SB and each of its members must not hold decision-making, operational or management roles).

The administrative body shall make available to the SB corporate resources proportionate to the tasks entrusted to it and shall approve, in the context of the preparation of *the corporate budget*, an adequate allocation of financial resources, proposed by the SB itself, which the latter may use for any requirement necessary for the proper performance of its tasks (e.g. specialist consultancy).

- *Professionalism*: the Supervisory Body must have, within it, technical and professional skills appropriate to the functions it is called upon to perform. Therefore, it is necessary that the SB includes individuals with appropriate professional skills in economics, law and the analysis, control and management of corporate risks.

In order to ensure the necessary professional skills for the Supervisory Body's activities, it is allocated a specific expenditure *budget*, aimed at enabling it to acquire additional expertise from outside sources, should this prove necessary. The Supervisory Body can thus, also by making use of external professionals, equip itself with competent resources (e.g. in the field of workplace safety);

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- *continuity of action*: the Supervisory Body carries out the activities required by current legislation on an ongoing basis, with adequate commitment and the necessary powers of investigation.

The SB remains in office for the term indicated at the time of appointment and may be reappointed.

The provisions of the Civil Code on mandates apply to the relationship between the Company and the SB.

In compliance with the relevant legislation, the Company has set up a single-member Supervisory Body, identified as an external professional who meets the above requirements, is an expert in *corporate governance* and administrative liability of entities deriving from offences, and has extensive and long-standing experience in the implementation of 231 Models and related control activities.

3.2 General principles governing the establishment of the Supervisory Body

Appointment as a member of the Supervisory Body is subject to compliance with the subjective requirements of integrity, honesty and respectability, as well as the absence of any causes of incompatibility with the appointment itself, such as family relationships with members of corporate bodies and senior management and potential conflicts of interest with the role and tasks that the SB is called upon to perform.

Upon appointment, the person(s) designated to hold the position of Supervisory Body must issue a statement certifying the absence of any grounds for incompatibility, such as, by way of example:

- family relationships, marriage or affinity within the fourth degree with members of corporate bodies;
- conflicts of interest, even potential ones, with the Company that could compromise the independence required by the role and duties of the SB;
- conviction, with a final judgment, to a penalty involving disqualification, even temporary, from public office, or temporary disqualification from management positions in legal entities and companies.

The Supervisory Body may avail itself – under its own supervision and responsibility – of the collaboration of company departments or external consultants in carrying out the tasks entrusted to it, drawing on their respective skills and professionalism, also with a view to ensuring a high level of professionalism and the necessary continuity of action.

The above-mentioned subjective requirements and grounds for incompatibility must also be considered with reference to any external consultants involved in the activities and performance of the tasks of the Supervisory Body. In particular, upon appointment, the external consultant must issue a specific declaration certifying:

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- the absence of the above-listed grounds for incompatibility or reasons preventing them from accepting the assignment (e.g. conflicts of interest, family relationships with senior management);
- that they have been adequately informed of the provisions and rules of conduct set out in the Model and Code of Ethics adopted by HEXPOL Garlasco S.r.l., insofar as they are relevant to their remit.

3.3 Functions and powers of the Supervisory Body

In order to carry out its assigned tasks, the SB is vested with all powers of initiative and control over all company activities and levels of personnel and reports exclusively to the Company's administrative body, which verifies the consistency between the activities actually carried out by the SB and the mandate assigned to it.

The SB is granted the powers of initiative and control necessary to ensure effective and efficient supervision of the functioning and observance of the Model in accordance with the provisions of Article 6 of Legislative Decree 231/2001. In particular, the SB is entrusted with the following tasks and powers for the performance and exercise of its functions:

- (i) to supervise the functioning and observance of the Model so that the conduct adopted in operational practice corresponds to what is defined therein;
- (ii) verifying the effectiveness of the Model, i.e. its concrete suitability for preventing the occurrence of the offences referred to in Legislative Decree 231/2001;
- (iii) promoting the updating of the Model: analysing the maintenance, over time, of the requirements of soundness and functionality of the adopted Model; promoting its updating in the event that the analyses reveal the need for corrections and/or adjustments.

At the operational level, the Supervisory Body is entrusted with the following tasks:

- carrying out periodic checks to verify effective compliance with the provisions of the Model. In particular, verifying that the procedures and controls adopted are effectively implemented and documented in a compliant manner;
- promoting and monitoring initiatives for the dissemination of the Model and for staff training and awareness;
- coordinating with company departments (including through specific meetings) to exchange information in order to: (i) monitor activities at risk of crime; ii) ensure that the corrective actions

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necessary to make the Model adequate and effective are undertaken promptly and in a timely manner; iii) verify that the control measures provided for in the Model, in particular in the Special Section, are adequate and meet the requirements of compliance with the provisions of the Decree, proposing appropriate adjustments if this is not the case.

In carrying out its assigned tasks, the Supervisory Body:

- (i) has unlimited access to company information for investigation, analysis and control activities;
- (ii) shall avail itself of the support and cooperation of the various company structures that may be interested or otherwise involved in the control activities.

The Supervisory Body's verification activities have a twofold purpose:

- (i) if a low level of implementation of control measures emerges, it is the responsibility of the SB to take all necessary steps to correct this situation. Depending on the case and circumstances, this will involve:
 - urging those responsible for internal organisational functions to comply with the Model;
 - indicating what corrections and changes need to be made to current operating practices;
 - reporting the most serious cases of failure to implement the Model to department heads and the administrative body.
- (ii) If, on the other hand, monitoring of the implementation of the Model shows that the control measures have been fully and correctly implemented but are not suitable for mitigating the risk of the offences provided for in Legislative Decree 231/2001, the Supervisory Body shall take action to ensure that they are supplemented and/or updated. The timing and form of such adjustments are not predetermined; the timing should be as prompt as possible and the content will be determined by the findings that led to the need for adjustment.

3.4 Information flows to and from the SB

3.4.1 Reporting to the SB: general information and mandatory specific information

Legislative Decree 231/2001 includes, among the requirements for the suitability of the Model, the establishment of reporting obligations to the Supervisory Body. To this end, the SB identifies, in general or on a specific basis, the information - necessary and/or appropriate for the purposes of verifying the

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adequacy and compliance with the Model - that must be transmitted to it, within the times and in the manner defined by the SB itself, by the Model Recipients (so-called periodic information flows, defined on a periodic basis and agreed with the internal functions).

In any case, the following must be sent to the SB via a dedicated email address:

- information relating to disciplinary proceedings and sanctions imposed or to the dismissal of such proceedings with the relevant reasons;
- measures and/or information from judicial police bodies or any other authority indicating that offences have been committed, even against unknown persons, for the offences referred to in Legislative Decree 231/2001;
- requests for legal assistance submitted by senior managers and/or employees against whom the judiciary is proceeding for offences under Legislative Decree 231/2001;
- information relating to any internal organisational changes;
- requests for public funding/contributions/subsidies;
- any updates made to the system of delegations and powers of attorney.

The SB, including through the development of a specific operating procedure or flow *template*, establishes the additional types of information that managers involved in the management of sensitive activities must transmit, providing guidance on the frequency and manner in which such communications must be forwarded.

3.4.2 Whistleblowing

The relevant legislation

Article 54-bis of Legislative Decree 165/2001, entitled "Protection of public employees who report illegal activities", introduced into our legal system a set of rules to encourage the reporting of illegal activities, known in Anglo-Saxon countries as *whistleblowing*.

On 29 December 2017, Law 179/2107 came into force, containing "Provisions for the protection of persons reporting crimes or irregularities of which they have become aware in the context of a public or private employment relationship", which, pursuant to Article 1, amended the aforementioned Article 54-bis and, at the same time, introduced a new provision in Legislative Decree 231/2001 concerning the

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submission and management of reports (Article 6, paragraphs 2-bis, 2-ter, 2-quater of Legislative Decree 231/2001), in order to improve the effectiveness of tools to combat corruption, provide greater protection for whistleblowers and encourage the reporting of unlawful conduct or violations of organisational, management and control models.

Finally, Legislative Decree No. 24 of 10 March 2023, known as the "*Whistleblowing* Decree", transposed Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of national or European Union law that harm the public interest or the integrity of public or private entities, which they have become aware of in the context of their work or collaborative or business relationships.

Legislative Decree 24/2023 amended Article 6 of Legislative Decree 231/2001 by repealing paragraphs 2-ter and 2-quater, stipulating that the Models *pursuant to* Legislative Decree 231/2001 must indicate the internal reporting channels adopted, explicitly prohibiting retaliation and setting out the disciplinary system aimed at sanctioning non-compliance with the principles, measures and rules indicated in Model 231, with specific reference to *whistleblowing* regulations.

In this context, the Company encourages and protects anyone who, in the performance of their work duties or assignment, becomes aware of an offence and/or irregularity relevant to Legislative Decree 231/2001 and decides to report it (*a so-called whistleblower*). In particular, in compliance with the provisions of Legislative Decree 24/2023, the Company:

- has established internal reporting channels, providing whistleblowers with an IT platform that allows them to make reports in writing or orally, and is able to guarantee the utmost confidentiality of the identity of the whistleblower, the reported person and the content of the report;
- entrusted the task of managing the receipt, investigation and archiving of reports received through the aforementioned channels to the Supervisory Body, formally identified as the Report Manager;
- has adopted a specific *Whistleblowing* Procedure approved by the Company's administrative body with the aim of regulating *the process* of sending, receiving, managing and archiving Reports and providing the Whistleblower with clear operational guidelines on the subject matter, content, methods of transmission of Reports and the forms of protection offered by law. The procedure is available internally on the company notice *board/intranet* and on the website at <https://www.mesgo.it/modello-231/> in the *Whistleblowing* section.

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- prohibits any act of retaliation, even if only attempted or threatened, that could cause unfair damage to the Whistleblower for reasons directly or indirectly related to the Report;
- has provided for specific sanctions in the disciplinary system referred to in this General Part against those who violate the measures put in place to protect the Whistleblower, as well as those who make Reports that prove to be unfounded with intent or gross negligence.

The employer has the burden of proving - in the event of disputes relating to the imposition of disciplinary sanctions, demotions, dismissals, transfers or the subjection of the Whistleblower to other organisational measures following the submission of the Report that have direct or indirect negative effects on working conditions - that such measures are based on reasons unrelated to the Report (so-called 'reversal of the burden of proof in favour of the whistleblower').

The legislation also stipulates that discriminatory or retaliatory measures against whistleblowers may be reported to the Labour Inspectorate, for measures within its competence, not only by the whistleblower, but also by the trade union organisation indicated by the whistleblower. Furthermore, retaliatory dismissal of the whistleblower is 'null and void', as is any change in duties pursuant to Article 2103 of the Italian Civil Code, as well as any other retaliatory or discriminatory measure taken against the whistleblower.

Who can report

All Recipients of this Model are entitled to send Reports:

- senior management, members of the Company's corporate and control bodies;
- employees, regardless of their contractual status (even if on probation) and individuals who are even temporarily employed by the Company, even if they are not employees (e.g. volunteers and interns, paid and unpaid);
- those who cooperate and collaborate with the Company - in any capacity - in the pursuit of its objectives (e.g. self-employed workers, freelancers and consultants);
- customers, suppliers, business *partners* and any other categories of individuals that the administrative body – in consultation with the Supervisory Body – may identify in relation to the legal relationships established by the Company.

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Subject matter and content of reports

The following may be reported:

- unlawful conduct that constitutes one or more offences that may result in liability for the Company pursuant to Decree 231;
- conduct which, although not constituting a criminal offence, has been adopted in contravention of the rules of conduct, procedures, protocols or provisions contained in the Model, the Code of Ethics and/or the documents referred to and/or attached thereto.

Both violations that have been committed and those that the Whistleblower reasonably believes may have been committed on the basis of concrete evidence may be reported, as may evidence of conduct aimed at concealing the aforementioned violations.

Anonymous reports are permitted and considered admissible provided they are adequately documented and detailed, with a precise description of the facts and circumstances, in order to avoid the risk of unfounded complaints.

Reports must not be made for the sole purpose of denunciation (i.e. reports made essentially to protect one's own interests or for various reasons of defamation, spite, revenge, etc.) but must be detailed reports of unlawful conduct or violations of the Model or Code of Ethics adopted by the Company, based on precise and consistent facts, with the following characteristics:

- indication (optional) of the reporting person;
- description of:
 - events and/or facts that have occurred;
 - any other persons involved;
 - times and methods of execution of the reported event;
 - any other information that may be useful in describing the event and its perpetrators.

The following reports are also prohibited and considered irrelevant and non-actionable:

- based on mere suspicions or rumours concerning personal matters that do not constitute an offence, or in any case are clearly unfounded and/or acquired solely on the basis of unreliable rumours or hearsay (so-called 'corridor gossip');

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- those that are abusive in tone or contain personal insults or moral judgements, aimed at offending or damaging the honour and/or personal and/or professional dignity of the person or persons to whom the reported facts refer;
- relating to information that is already in the public domain (e.g. information reported in the media - newspapers, websites - and court rulings).

Internal channels and the report management process

Reports must be submitted via:

- IT platform: accessible at <https://mesgoiridecolors.smartleaks.cloud> (**priority and preferred channel**)

If it is not possible to use the online platform:

- Ordinary/registered mail: the communication must be addressed to the Reports Manager at the registered office of HEXPOL Garlasco S.r.l. in via Borgo San Siro, 66 – 27026 Garlasco (PV).

In this case, the Report must be placed in **two sealed envelopes**, including: i) in the first envelope, the reporting person's identification details; ii) in the second envelope, the subject of the Report. Both envelopes must then be placed in a **third envelope marked 'confidential to the Reports Manager - Whistleblowing' on the outside**.

The IT platform allows reports to be sent without the need to register or provide personal details. The reporter can leave a message anonymously via the page and does not need to provide an email address or telephone number.

After completing the reporting form, the reporter must note the code that uniquely identifies the report, which is automatically generated by the platform. These credentials will allow the reporter to monitor the status of their report and communicate with the report manager.

The Whistleblower may also request a confidential meeting with the Report Manager, who shall ensure that it takes place - in a location suitable for ensuring the confidentiality of the Whistleblower - within 15 days, taking care to record it after verification and confirmation by the Whistleblower.

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After receiving the report, the Report Manager must carry out the necessary investigations, while maintaining the confidentiality of the Reporter, the Reported Party, any other persons involved, the content of the Report and the related documentation.

Within 7 days of receiving the report, the Reports Manager shall send the Whistleblower an acknowledgement of receipt of the report.

If, following the outcome of the checks carried out, the report is found to be admissible and well-founded, the report manager will provide feedback to the whistleblower (within three months of the date of the acknowledgement of receipt), giving an account of the measures planned or adopted or to be adopted to follow up on the report and the reasons for the choice made.

Once the appropriate analyses and assessments have been carried out, the Reports Manager informs the Chairman of the Board of Directors of the results, who, if the conditions are met, initiates *the* procedural *process* of contestation and possible application of sanctions.

Similarly, if the Reports Manager ascertains that the Report, which has proved to be unfounded following the appropriate investigations, appears to have been submitted as a result of conduct on the part of the Reporter that is tainted by wilful misconduct or gross negligence, he or she shall send an appropriate report to the Chairman of the Board of Directors so that the appropriateness of taking the necessary disciplinary measures against the Reporter can be assessed.

Protection of the Whistleblower and the Reported Party

The Company guarantees Whistleblowers acting in good faith against any form (including attempted or threatened) of retaliation, discrimination or penalisation for reasons directly or indirectly related to the Report that causes or could cause the Whistleblower unjust damage, without prejudice to legal obligations and the protection of the rights of the Company or persons accused erroneously or in bad faith.

The protections granted to the Whistleblower are extended:

- the facilitator (the person who assists the Whistleblower in the Reporting process, operating within the same working environment);
- persons in the same working environment as the Whistleblower with whom they have a stable emotional or family relationship within the fourth degree;

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- to the Whistleblower's work colleagues with whom they have a regular and ongoing relationship.

Confidentiality is also guaranteed in the case of Reports made at the request of the Whistleblower, through a direct meeting with the Report Manager, as well as to those who report before the start or after the termination of the employment relationship, or during the probationary period, if such information has been acquired in the workplace or during the selection or pre-contractual phase.

Alleged retaliation, even if only attempted or threatened, must be reported exclusively to ANAC. If the Authority ascertains the retaliatory nature of acts, measures, conduct or omissions adopted, or even attempted or threatened, they shall be deemed null and void and an administrative fine shall be imposed.

Loss of protection

The protections described above do not apply to those who, with intent or gross negligence, make Reports that prove to be unfounded, as well as manifestly opportunistic and/or made for the sole purpose of damaging the Reported Party or other subjects. Among other things, the violation of the whistleblower protection measures, as well as the submission with intent or gross negligence of reports that prove to be unfounded, constitute conduct that does not comply with the provisions of the Model and the Code of Ethics adopted by the Company and for this reason are punished by the penalty system provided for therein.

Any unlawful use or abuse of the reporting channels committed by persons with whom the Company has contractual relations (e.g. suppliers, external consultants/collaborators, business *partners*, etc.) is sanctioned in accordance with specific contractual clauses. Such clauses may provide, by way of example, for the right to terminate the contract and/or the payment of penalties. Penalties may also include a ban on entering into new contractual relationships with the parties concerned.

Collection and storage of information

The Reports received and the related documentation acquired by the Report Manager are stored by the latter to ensure the traceability of the activities carried out (in the IT platform to which the Report Manager has restricted access or in a dedicated archive, either paper or electronic, for Reports received by ordinary/registered mail), taking care to keep the documents and information acquired confidential. Access to this archive is only permitted to persons authorised by the Reports Manager on a case-by-case basis.

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All documentation is kept for the time necessary to manage the Report and, in any case, for no longer than five years from the closure of the Report, unless legal or disciplinary action is taken against the Reported Party or the Reporting Party who made false or defamatory statements. In this case, the documentation and related records must be kept until the conclusion of the proceedings and the expiry of the time limits for appeal.

The credentials for accessing the IT platform are known only to the Report Manager or to persons expressly authorised by the latter; any paper documents are stored in a designated location to which access is restricted to the Report Manager or to persons expressly authorised by the latter.

Oral reports and those made through direct meetings are documented in writing by means of a detailed report of the conversation. The reporting person may verify, correct and confirm the content of the transcript.

3.4.3 Reporting by the Supervisory Body to the administrative body

The Supervisory Body reports on the implementation of the Model, on the emergence of any critical issues and communicates the outcome of the activities carried out in the exercise of its assigned tasks.

To this end, the Supervisory Body prepares:

- an annual summary report of the activities carried out during the current year and a plan of activities planned for the following year, addressed to the administrative body, which illustrates the following information:
 - o I summary and results of the controls carried out by the SB during the period under review;
 - o any discrepancies between the tools used to implement the Model and the Model itself;
 - o any new areas of commission of offences provided for by the Decree;
 - o Reports received from external or internal parties concerning possible violations of the Model and the results of investigations into such reports;
 - o disciplinary procedures initiated and any sanctions applied;
 - o general assessment of the Model and its effective functioning, with any proposals for additions and improvements in form and/or content;
 - o any changes to the regulatory framework;
 - o report on expenses incurred.

The administrative body has the right to convene the SB at any time.

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Similarly, the SB has the right to request, through the competent functions, the convening of the administrative body for urgent reasons and whenever it deems it appropriate for the directors to examine or intervene in matters relating to the functioning and/or effective implementation of the Model. The meetings through which the SB reports to the administrative body are adequately minuted.

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CHAPTER 4 - DISCIPLINARY SYSTEM

4.1 Function of the disciplinary system

HEXPOL Garlasco S.r.l. condemns any behaviour that does not comply with the law, the Model, the instruments for its implementation (e.g. internal procedures - including the *Whistleblowing* procedure) and the Code of Ethics adopted by the Company, even if the behaviour is carried out in the interest of the Company or with the intention of bringing it an advantage.

Any violation, committed by anyone, must be immediately reported to the Reporting Manager, in the manner described in paragraph 3.4.2, without prejudice to the measures falling within the competence of the disciplinary authority.

The duty to report applies to all Recipients of the Model.

By way of example, the following behaviours constitute disciplinary offences:

- violation, including through omission and in possible collusion with others, of the principles of the Model and the Code of Ethics;
- the drafting, possibly in collusion with others, of untruthful documentation;
- facilitating, through omission, the drafting of untruthful documentation by others;
- the removal, destruction or alteration of documentation to evade the control system provided for in the Model;
- obstructing the Supervisory Body's supervisory activities;
- violation of measures to protect whistleblowers, as well as the submission of reports that prove to be unfounded, whether intentionally or through gross negligence;
- failure to comply with the principles, measures and rules set out in the Model and in the Code of Ethics with reference to the *whistleblowing* regulations referred to in Legislative Decree 231/2001, as well as the report management procedure adopted by the Company;
- the commission of any other conduct likely to circumvent the control system provided for in the Model.

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4.2 Violation of the Model

The application of disciplinary sanctions determined in accordance with the Decree is independent of the outcome of any criminal proceedings, as the rules imposed by the Model are adopted by HEXPOL Garlasco S.r.l. in full autonomy, regardless of the type of offence that violations of the Model itself may determine.

In particular, the disciplinary system adopted sanctions all violations of the Model, from the mildest to the most serious, through a system of graduated sanctions, in accordance with the principle of proportionality between the offence/violation detected and the sanction imposed.

The disciplinary power referred to in Legislative Decree 231/2001 is exercised by the administrative body, in compliance with the procedures set out in Article 7 of the Workers' Statute and/or special regulations, where applicable.

For the purposes of compliance with Legislative Decree 231/2001, by way of example, the following constitute violations of the Model: the implementation of actions or behaviours that do not comply with the principles and requirements of the Model, or the omission of actions or behaviours prescribed by the Model, which:

(a) expose the Company to an objective risk of committing one of the offences covered by Legislative Decree 231/2001;

and/or

(b) are unambiguously directed towards the commission of one or more offences covered by Legislative Decree 231/2001;

and/or

(c) are such as to result in the application of sanctions against the Company as provided for by Legislative Decree 231/2001.

4.3 Measures against employees

The Model constitutes a set of rules with which personnel must comply: any violation thereof will therefore result in disciplinary proceedings and the application of the relevant sanctions. All employees bound to the Company by any employment contract, with or without a relationship of subordination

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(including quasi-subordinate relationships), are required to comply with the provisions contained in the Model.

With regard to employees, the disciplinary system is applied in accordance with Article 7 of Law No. 300 of 20 May 1970 (the so-called Workers' Statute) and the current National Collective Labour Agreements for the sector.

In the event of failure to comply with the provisions set out in the Model and/or the Code of Ethics adopted by the Company, the following sanctions will be applied in proportion to the seriousness of the infringements:

a) Verbal reprimand:

- minor non-compliance with the provisions of the Model and/or the Code of Ethics or negligent behaviour that does not comply with the provisions thereof;
- tolerance or failure to report minor irregularities committed by staff on the part of those responsible.

b) Written reprimand:

- offences punishable by verbal reprimand but which, due to specific consequences or recurrence, are of greater significance (e.g. repeated violation of the provisions of the Model and/or the Code of Ethics or repeated adoption of behaviour that does not comply with the provisions thereof);
- failure to report or tolerance, on the part of supervisors, of minor irregularities committed by staff;
- repeated failure to report or tolerance, on the part of supervisors, of minor irregularities committed by staff.

c) Suspension from service and pay for a period not exceeding 10 days:

- failure to comply with the provisions of the Model or the Code of Ethics, or negligence with regard to the provisions thereof;
- failure to report or tolerance of serious irregularities committed by other members of staff that are such as to expose the Company to an objective situation of danger or to cause negative repercussions for it.

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d) Dismissal for just cause:

- violation of the provisions of the Model, the Code of Ethics and/or internal operating procedures with conduct such as to constitute a possible offence punishable under Legislative Decree 231/01;
- reporting of unlawful conduct relevant under Decree 231 or violations of the Model and/or the Code of Ethics committed with gross negligence that prove to be unfounded;

e) Dismissal for just cause:

- conduct in clear violation of the provisions of the Model and/or the Code of Ethics such as to entail the possible application to the Company of the sanctions provided for by Legislative Decree 231/01, attributable to serious misconduct such as to undermine the trust on which the employment relationship is based and such as to prevent the continuation, even on a temporary basis, of the relationship itself;
- reporting of unlawful conduct pursuant to Decree 231 or violations of the Model and/or Code of Ethics committed with intent that prove to be unfounded

4.4 Measures against directors

If the violation concerns the Company's directors, in the most serious cases and when the violation is such as to damage the relationship of trust with the Company, their removal from office may be decided.

Directors are also liable in cases of failure to establish *whistleblowing* channels and/or failure to adopt or comply with procedures for making and managing such reports.

4.5 Measures against external collaborators ()

HEXPOL Garlasco S.r.l. includes express termination clauses in contracts/letters of engagement with external consultants/collaborators, which provide for the termination of the contract in the event that the contractual counterparty engages in conduct that violates the provisions of the Model and Code of Ethics adopted by the Company, such as to entail the risk of committing offences referred to in Legislative Decree 231/01, without prejudice to HEXPOL Garlasco S.r.l.'s right to claim compensation for damages caused to the Company by such conduct.

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4.6 Penalties applicable for the protection of whistleblowers

In accordance with the provisions of the "Provisions for the protection of persons reporting crimes or irregularities of which they have become aware in the context of public or private employment", unfounded reports made with intent or gross negligence, as well as violations of measures to protect whistleblowers or retaliatory acts against whistleblowers acting in good faith, as well as any abuse of the internal reporting channels adopted by the Company (), constitute serious disciplinary violations that will be sanctioned in accordance with the provisions of the previous paragraphs.

Retaliatory dismissal of the Whistleblower is null and void, as are changes in duties pursuant to Article 2103 of the Civil Code, as well as any other retaliatory or discriminatory measures taken against the Whistleblower in good faith.

In the event of disputes relating to the imposition of disciplinary sanctions, demotions, dismissals, transfers, or the subjection of the Whistleblower to other organisational measures having direct or indirect negative effects on working conditions following the submission of the Report, it shall be the responsibility of the employer to demonstrate that such measures are dictated by reasons totally unrelated to the Report.

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CHAPTER 5 - TRAINING AND COMMUNICATION

5.1 Introduction

For the effective implementation of the Model, it is essential that the principles contained therein are widely disseminated, both within and outside the Company.

The Company undertakes to facilitate and promote awareness of the Model among those required to comply with it, with the level of detail varying according to the position and role held.

5.2 Training and communication plan

The Company plans and implements specific training to ensure that all company departments have an effective understanding of the Decree, the Code of Ethics and the Model. The training provided varies depending on whether it is aimed at employees in general, employees working in specific high-risk activities, or directors.

Communication and training on the Model is operationally entrusted to the Company's administrative body and is subject to the supervision of the Supervisory Body which, as part of the tasks assigned to it by Articles 6 and 7 of Legislative Decree 231/2001, is required to monitor the initiatives adopted.

The dissemination and communication of the Model to external parties is handled by the administrative body through the means deemed most appropriate (e.g. company website, information *brochures*, etc.).

Training and information on 231 will also cover the whistleblowing procedure adopted by the Company's administrative body and referred to in paragraph 3.4.2 of this Model, through the organisation of training activities and specific communications with reference to:

- regulations on *whistleblowing* reports referred to in Legislative Decree 24/2023;
- the functioning of and access to the reporting channels and tools made available by the Company;
- the content of the *whistleblowing* procedure adopted by the Company;
- the role and tasks assigned to the Reporting Manager;
- measures applicable in the event of retaliation, obstruction of reporting and breach of confidentiality obligations, as well as in the event of reports made in bad faith;
- penalty system provided for in the Model.

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External parties (customers, suppliers, collaborators in various capacities, consultants, etc.) will be informed of the activation of the internal Reporting channel and of the possibility of consulting the relevant Procedure, through specific information notices.

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CHAPTER 6 - ADOPTION OF THE MODEL, CRITERIA FOR UPDATING AND ADAPTING THE MODEL

6.1 Verification and control of the Model

The Supervisory Body draws up an annual supervision programme that includes a calendar of activities to be carried out during the year, the determination of the frequency of checks, and the identification of the activities and processes to be analysed.

The SB, which is granted the broadest powers to carry out the tasks entrusted to it during audits and inspections, may avail itself of both internal Company functions and external consultants.

6.2 Updating and adaptation

Since the Model is an 'act issued by the management body' - in accordance with Article 6, paragraph 1, letter a) of the Decree - any subsequent substantial amendments and additions that may be necessary due to new company requirements, regulatory adjustments or violations or circumventions of the provisions contained in the Model and/or the Code of Ethics are referred to the administrative body of HEXPOL Garlasco S.r.l., also on the basis of any proposals made by the SB.

The Supervisory Body monitors the correct implementation and dissemination of the updates made.

Any changes to company procedures necessary for the correct implementation of the Model are subject to approval by the administrative body. The Supervisory Body has the right to express its opinion on the changes made.