

ARPA INDUSTRIALE S.p.A.

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL PURSUANT TO THE LEGISLATIVE DECREE NO. 231 DATED 8 JUNE 2001

Review	Approval	Nature of changes
Rev. 0	Board of Directors dated 18/06/2009	Adoption
Rev. 1	Board of Directors dated 29/01/2010	Update
Rev. 2	Board of Directors dated 12/10/2010	Update
Rev. 3	Board of Directors dated 03/10/2012	Update
Rev. 4	Board of Directors dated 27/03/2019	Update and review of the structure

In the event of inconsistency or discrepancy between the Italian version and the English version of the Model 231, the Italian version shall prevail.

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**ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL PURSUANT
TO THE LEGISLATIVE DECREE No. 231, DATED 8 JUNE 2001**

GENERAL SECTION

1 THE LEGISLATIVE DECREE NO. 231 DATED 8 JUNE 2001

1.1 Liability of the legal persons

With the Legislative Decree of June 8th 2001 no. 231/2001 (hereinafter “Legislative Decree no. 231/2001” or “Legislative Decree”), pursuant to the authority delegated to the Italian Government with article 11 of Law of 29 September 2000, no. 300 it was established the regulation of the “responsibility of entities for administrative offences deriving from crimes”.

In particular, the regulation is applied to the entities with legal personality (for example, S.p.A., S.r.l.) as well as to the entities and associations without legal personality.

According to the regulation introduced by the Legislative Decree, entities can be deemed “responsible” for some type of offences either committed or attempted, in their own interest or advantage, from top management (so-called “Key Officers”) and from those who are under the supervision of the top management (article 5, paragraph 1, of Legislative Decree no. 231/2001).

The entity’s administrative liability therefore lies beyond and is different from that of the natural person who materially commits the offence and they are both subjected to investigation in the same proceeding before a criminal court. However, the entity’s liability persists also in case the natural person who committed the crime is not identified or is found to be not punishable.

The company’s liability may exist even if the alleged offence is configured as a crime of attempt (according to art. 26 of Decree 231), meaning thereby when the subject commits acts unequivocally directed to committing a crime and the action is not committed or the event does not occur.

1.2 Offenders

As previously stated, the entity is responsible for the offences, pursuant to Legislative Decree no. 231/2001, committed in its own interest or advantage by:

- “individuals vested with representation, administration or management functions over the entity or over one of its organisational structures granted with financial and functional autonomy, as well as by individuals exercising, even if de facto, the management or the control thereof” (the above mentioned “Key Officers”; article 5, paragraph 1, letter a) of Legislative Decree no.231/2001)
- individuals subject to the direction or control of one of the above-mentioned Key Officers (the so-called individuals reporting to others; article 5, paragraph 1, letter b) of Legislative Decree no. 231/2001).

If the crime or administrative offence is committed by top management then the Company is presumed to be liable, as the top management express, represent and implement the Company’s management policies. On the contrary, there is no presumption of corporate liability if the crime or administrative offence is committed by a person subject to the management or supervision of one of the persons above mentioned; in such case the entity is liable for the subordinate’s offence only if it is found that commission of the offence was made possible by the failure of management and/or supervisory obligations.

It is appropriate to reaffirm that entities are not responsible, as specifically stated in the Legislative Decree (article 5, paragraph 2), if the individuals acted in their own interest or in that of a third party.

1.3 The offences laid down in the Decree

The offences that, if committed, may give rise to the entity's administrative liability, if committed in its own interest or for its own benefit by the individuals above mentioned, are the ones expressly indicated into the Decree as amended and supplemented during the years in the articles 24 and 25 of the same Decree.

1.4 Sanctions inflicted by the Decree

Articles 9 through 23 of the Legislative Decree no. 231/2001 foresee the application over the company of the hereby stated sanctions, following the commission or attempted commission of the aforementioned crimes:

- pecuniary sanctions (and preventive confiscation as a precautionary measure);
- interdiction (also applicable as a precautionary measure) lasting no less than 3 months and not exceeding two years (pursuant to article 14, paragraph 1, of Legislative Decree no. 231/2001, "disqualification can only affect the specific activity related to the offence committed by the entity"), that can be divided into:
 - interdiction from the conduction of the activity;
 - temporary suspension or annulment of permits, licenses or concessions instrumental in the commission of the offence;
 - prohibition from doing business with the Public Administration, exception being made for the obtainment of a public service;
 - exclusion from benefits, loans, grants or subsidies and the possible revocation of those already granted;
 - prohibition from advertising products or services;
 - requisition (and preventive confiscation as a precautionary measure);
 - publication of the sentence (shall one of the interdiction sanctions be applied).

1.5 Organisational, management and control Model: exempting condition

Art. 6 of Decree 231 sets forth that the entity, in the case of offences committed by top positions, is not answerable if it can prove that:

- a) the management has adopted and effectively implemented, prior to the commission of the fact, models of organisation and management suitable to prevent crimes of the same sort as the one committed;
- b) the task of supervising the functioning and the observance of the Organisation, Management and Control Model pursuant to Legislative Decree no.231/2001 (hereinafter "Model 231") and to assure it is updated has been entrusted to a body of the entity possessing autonomous powers of initiative and control (the so-called "Supervisory Body");
- c) the persons have committed the crime fraudulently eluding the aforesaid Model 231;
- d) supervision by the Supervisory Body has not been omitted or insufficient.

In the case in which the offence has been committed by people subordinated to the management or to the supervision of top positions, the entity will be held responsible for the crime only in case of negligence in the performance of the obligations to manage and supervise.

Therefore, the entity that, before the commission of the crime, adopts and effectively implements a Model 231 apt to prevent crimes such as the one that was committed, is exempted from responsibility in case it fully complies with the conditions laid down in art. 6 of the Decree. In this sense, the Decree provides specific indications on the prerequisites that the organisational models must meet:

- identifying the activities within the context of which crimes might be committed;
- providing for specific “protocols” aimed at programming the formation and the enforcement of the entity’s decisions in relation to the crimes to be prevented;
- identifying ways of managing financial resources able to prevent the commission of said crimes;
- providing for information obligations to the Supervisory Body;
- introducing a suitable internal disciplinary system to apply sanctions for the failure to respect the measures indicated in the Model 231.

1.6 Offences committed abroad

Pursuant to art. 4 of Decree 231, the entity may be considered liable in Italy for the commission of certain offences abroad. In particular, art. 4 of Decree 231 provides that the entities having their head office in the territory of the State are also answerable to crimes committed abroad in the cases and conditions laid down in Articles 7 to 10 of the Italian Criminal Code, as long as no action is taken against them by the State in which the offence was committed.

Therefore, the entity is prosecutable when:

- it has its head office in Italy, meaning thereby the actual office in which all the administration and management activities are carried out, eventually even different from where the company is located or has its registered office (for entities with legal personality), or the place where its activity is continuously carried out (for entities without legal personality);
- the State in which the offence was committed has not taken legal action against the entity;
- the request by the Minister of Justice, to which the punish ability may be subordinated, also refers to the entity itself.

The above rules concern the crimes entirely committed abroad by top corporate positions or their subordinates. The criminal behaviour that may have been even partly performed in Italy falls under the principle of territoriality laid down in art. 6 of the Criminal Code, pursuant to which *“An offence shall be deemed committed in the territory of the State when the act or omission which constitutes it occurred therein in whole or in part, or when an event which is a consequence of the act or omission took place therein.”*

2 DESCRIPTION OF THE BUSINESS REALITY

2.1 Arpa Industriale S.p.A.

Arpa Industriale S.p.A. (hereinafter "Arpa Industriale" or "Company") produces and sells HPL and Fenix panels for a wider range of intended uses: from architecture to interior design, from healthcare to shipbuilding , from transport to hospitality, from retail to kitchen.

2.2 Corporate governance system

Arpa Industriale adopts a "traditional" *governance system* composed by:

- Shareholders' Meeting which takes decisions concerning the supreme governing matters compliance with the law;
- Board of Directors, which has wider administrative powers about the management of the Company, within the limits provided for by the Articles of Association and by the laws in force;
- Board of Statutory Auditors, called to oversee the compliance with the law and the respect of the principles of proper administration of corporate activities, as well as to check the organisational structure adequacy, internal control system and the accounting administrative system;
- Review Committee, which is responsible for the statutory audit and for the annual budget judgement, in compliance with the law in force.

2.3 Arpa Industriale's Code of Ethics

The Arpa Industriale's Code of Ethics sets out the fundamental principles and values that the Company follows in pursuing its business objectives. It is an essential part of this Model 231 and of the Company's overall internal control system.

The aim of the Code of Ethics was to clearly define the principles and values that Arpa Industriale recognises, accepts and shares, and whose observance is essential for the proper performance of its activities, reliable operations and the image of Arpa Industriale, in the conviction that for the Company to be successful it must carry out its business in an ethical way.

The Code of Ethics sets out the fundamental ethical principles and values (such as privacy, correctness, transparency, equal opportunities) that provide the foundation on which the Model 231 is built and act as a useful reference for the actual application of the Model 231 within the Company as regards company dynamics, also in order to comply with the provisions of art. 6 Legislative Decree 231/2001.

The principles and guidelines of the Code of Ethics are binding for all addressees: as such, the Code of Ethics applies not only to employees of the Company but also to all who work for/with Arpa Industriale, regardless of the relationship, which may also be temporary, between them (for example, directors, statutory auditors, partners, suppliers).

The Code of Ethics states that respect for the law, current regulations and commonly accepted business ethics is a fundamental principle of the Arpa Industriale's actions. It also establishes the principles that:

- all addressees must follow in their everyday work/roles/functions;
- must guide all operations, conducts and relationships, both within and outside the Company.

3 ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL OF ARPA INDUSTRIALE S.p.A.

3.1 The guiding principles of the Model 231

In preparing the Model 231, the Company took into consideration its own internal control system with a view to verifying its capacity to prevent the criminal offences laid down in the Decree in performing the activities identified to be at risk, as well as the ethical and social principles that the Company applies in the conduct of business.

More exactly, the Company has identified the following tools aimed at planning the formation and implementation of the Company's decisions:

- internal control system and, therefore, corporate procedures, the documentation and provisions concerning the corporate and organisational hierarchical-functional structure and the management control system;
- Code of Ethics;
- personnel communication and training;
- penalties envisaged in the applicable National Collective Labour Contract;
- overall, the applicable Italian law.

This Model 231 does not give details about principles, rules and procedures listed into the tools above mentioned. These principles, rules and procedures are a key aspect of the organisational and control system to which the same Model 231 is inspired by.

Key principles to which this Model 231 is inspired by, further the above mentioned, are:

- the mapping of the Arpa Industriale sensitive process has been provided following the Guidelines issued by Confindustria;
- requirements laid down in the Legislative Decree No. 231/2001, and specifically:
 - the task to promote the proper and effective implementation of the Model 231 is assigned to the Supervisory Body;
 - give adequate resources to the Supervisory Body in order to support itself during the implementation of its tasks;
 - Model 231 performance audit and periodically following update;
 - raising awareness and its communication to each company business level about rules of conduct and procedures in force;
- general principles of an appropriate internal monitoring system and specifically:
 - traceability of each significant operation for the purposes of Legislative Decree No. 231/2001;
 - the respect of the segregations of responsibilities principle;
 - the authorization powers definition consistent with the assigned responsibilities;
 - report the relevant information to the Supervisory Body.

3.2 Scope and structure of the Model 231

The decision to adopt an Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001, is not only grounds for exemption from Company liability should the offenses referred to in the Decree be committed but also, first and foremost, a responsible act by the Company towards its employees and who works with Arpa Industriale.

Moreover, adoption of the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001 and its effective implementation even more so, contribute to better management of the internal control system, favouring the consolidation of a corporate culture that values the principles of transparency, ethics, fairness, and respect for the rules; for Arpa Industriale this also an image benefit.

The main objectives of this Model 231 include:

- increasing awareness among persons who collaborate in various ways with Arpa Industriale (such as employees, consultants, suppliers, etc.), requesting that they adopt a fair and transparent line of conduct in activities carried out in the interests of the Company. This conduct must be

- consistent with the ethical values that inspire the Company when working towards its corporate purpose, and should prevent the risk of the offenses covered by the Decree being committed;
- raising awareness among the abovementioned persons that they could meet with disciplinary and/or contractual consequences, as well as penal and administrative penalties against them, should the provisions issued by the Company be breached;
 - establishing and/or strengthening controls to enable the Company to prevent or promptly react to stop offenses being committed by top-level management and by individuals under its direction or supervision, which could result in the administrative liability of the Company;
 - monitoring risk areas to enable the Company to promptly intervene to prevent or obstruct offenses being committed and to sanction any conduct in opposition to its Model 231;
 - guaranteeing its integrity by meeting the obligations expressly provided for in Article 6 of the Decree;
 - improving efficacy and transparency in the management of company activities;
 - inducing the full awareness of the potential offender that any offense committed is strongly condemned and contrary not only to the provisions of the law but also to both the ethical principles the Company intends to uphold and to the interests of the Company itself, even when it could appear to obtain an advantage.

The present Model 231 is divided into:

- **General Section**, which indicates the contents of Legislative Decree 231/2001 as well as the Model 231 key elements: its definition and adoption, the Supervisory Body's properties, performance and tasks, the information flows from and to the Supervisory Body, the applicable penalties, the personnel communication and training and the criteria to update the Model itself;
- **Special Sections**, created as a consequence of the identification of "sensitive" processes, where potential risk profiles associated with the types of crime laid down in the Decree have been identified, to conduct rules, specific control principles and organisational systems. The Special Sections have been prepared according to two different views, as follow:
 - **Annex 1:** Special Section by Crime;
 - **Annex 2:** Special Section by Process.

3.3 Adoption and update of the Model 231

Arpa Industriale took the view that it is necessary to carry out with the adoption of this Model with a Board resolution during the meeting dated 18/06/2009 and, with the same resolution, the Company appointed its own Supervisory Body.

The Model 231 should be updated or adapted whenever it is considered necessary or appropriate and anyway because of circumstances related to facts such as:

- significant changes in the organisational structure of the Company and/or the procedures for carrying out business activities; identification of new sensitive activities, or variation of those previously identified, including when related to the launch of new business activities, changes in the internal structure of the Company and/or methods of conducting business activities;
- assessment of non-compliances emerging from the controls carried out.

The internal control risk management system must ensure an ongoing "dynamic adaptation" of the Model 231, with reference to its main components (General Section and Special Sections) and to the overall organisational structure.

Any changes or additions should be communicated to the Board of Directors, which will approve them.

The approval of the updates to the Model 231 is immediately communicated to the Supervisory Body, which, in its turn, ensures the correct implementation and dissemination of the updates.

3.4 Risk assessment methodology

Article 6, paragraph 2, lett. a) of the Legislative Decree 231/2001 laid down, among the Model 231 requirements, the processes and activities individuation where the crimes, expressly referred to in the Decree, may be committed. Otherwise, it is about all business activities and processes that are commonly referred to as "sensitive" (hereinafter, "sensitive activities" and "sensitive processes").

The analysis concerning the corporate structure and its organisation was in order to undertake the identification of sensitive activities; the analysis above mentioned was carried out in order to better understand the Company activity and to identify the target business areas.

The important documents collected and its analysis by a technical-organisational (i.e., procedural) and legal (i.e. powers of attorney) point of view has allowed a first identification of sensitive processes / activities and a preliminary identification of the responsible departments of these processes / activities.

Then, people in charge of processes/sensitive activities were appointed, which are resources with a strong knowledge about the sensitive processes / activities and the control systems currently in place (hereinafter, "Process Owner"), closing and deepening the prior inventory of the sensitive processes / activities as well as the functions and the individuals involved in.

The Process Owners are the ones with the highest organisational level able to provide detailed information on the individual business processes and on the activities concerning the individual functions.

When the activity is completed, a sensitive processes / activities preliminary map is drafted, focusing on the analysis activity, managed through interviews with the Process Owners.

As following, how the assessment is carried out for each sensitive activity:

- Potential Risk, which is the risk level referred to sensitive activities pursuant to the Legislative Decree no. 231/2001 if not mitigate by the internal control system put in place;
- Control Foundations put in place and their relative adequacy;
- Residual Risk, obtained by reducing the initial value of the potential risk proportionally to the strength of the control system of that activity.

Control Foundations under assessment shall be composed by:

- organisational responsibilities (specifically, organisation chart, job descriptions, delegations and powers of attorney);
- segregation of duties;
- guidelines/procedures;
- traceability.

In order to detect and analyse in detail the current internal control system to monitor the risks which were identified and highlighted in the risk assessment activity above described and to assess the compliance of the Model with the provisions of the Decree, a comparative analysis (the so-called "gap

analysis") has been carried out between the existing organisational, management and control Model 231 ("as is") and an abstract template assessed with regard to the needs expressed by the regulation laid down in the Decree ("to be").

When the activity above mentioned has been completed, the Organisational, Management and Control Model 231 was carried out pursuant to the Legislative Decree No. 231/2001, structured into all its sections according to the provisions of the Legislative Decree No. 231/2001 and the instructions listed in the Guidelines issued by Confindustria.

3.5 Processes and sensitive activities of Arpa Industriale

Article 6, paragraph 2, lett. a) of the Decree expressly foresees that the Company's Model 231 identifies the corporate activities in the course of which the crimes listed in the Decree may potentially be committed.

TYPES OF CRIMES LAID DOWN IN THE DECREE	APPLICABILITY TO Arpa Industriale
Crimes against the Public Administration	Yes
Informational crimes and unlawful use of data	Yes
Organized crime	Yes
Crimes resulting in counterfeiting money, credit cards, stamped paper and other identification instruments	Yes
Crimes against industry and trade	Yes
Corporate crimes (including corruption amongst private parties)	Yes
Crimes with aims of terrorism or subversion of the democratic order	No
Crimes against the individual person	Yes
Market abuse	No
Manslaughter and serious or very serious culpable injuries, committed with violation of the rules concerning the protection of health and safety at work	Yes
Crimes relating to the receiving, using and laundering of unlawfully received money and goods, including self-laundering	Yes
Crimes against intellectual property rights	Yes
Inducement to not make declarations or to make false declarations to judicial authorities	Yes
Environmental crimes	Yes
Employing illegally staying third-country nationals	Yes
Racism and Xenophobia	No
Methods concerning female genital mutilation	No
International crimes	Yes

In compliance with the law’s provisions, the main sensitive activities of the Company are identified in relation to the individual crimes laid down in the Decree (through a thorough analysis concerning the processes involved).

Therefore, the risk assessment activity carried out by management highlighted the following *sensitive activities*, which are merged to the business processes and which are regulated in the following Special Sections of this Model 231, as indicated in the following table:

PROCESSES	SENSITIVE ACTIVITIES	SPECIAL SECTIONS
Research and Development	<ul style="list-style-type: none"> • Management of new products and technologies research and development activities as well as protection and enhancement of intellectual property (patents, designs and models), also through collaboration with Group's companies. 	<p><u>By crime</u></p> <ul style="list-style-type: none"> • Special section 1.A “Crimes against the Public Administration”; • Special Section 1.C “Organised crime and International Crimes”; • Special Section 1.D “Crimes resulting in counterfeiting money, credit cards, stamped paper and other identification instruments”; • Special Section 1.E “Crimes against industry and trade” <p><u>By process</u></p> <ul style="list-style-type: none"> • Special section 2.A “Research and Development” process
Purchasing	<ul style="list-style-type: none"> • Selection, contractualization and management of business relations with suppliers of goods; • Selection, contractualization and management of business relations with suppliers of services (eg. maintenance, industrial cleaning, etc.) and intellectual consultancy. 	<p><u>By crime</u></p> <ul style="list-style-type: none"> • Special Section 1.A “Crimes against the Public Administration”; • Special Section 1.C “Organised crime and International Crimes”; • Special Section 1.D “Crimes resulting in counterfeiting money, credit cards, stamped paper and other identification instruments”; • Special Section 1.F “Corporate crimes (including corruption amongst private parties)”; • Special Section 1.I “Crimes relating to the receiving, using and laundering of unlawfully received money and goods, including self-laundering”; • Special Section 1.O “Employing illegally staying third-country nationals” <p><u>By process</u></p> <p>Special section 2.B “Purchasing” process</p>

PROCESSES	SENSITIVE ACTIVITIES	SPECIAL SECTIONS
<p>Sales and Marketing</p>	<ul style="list-style-type: none"> • Sales of decorative laminates (HPL and FENIX) • Management of business relations with dealers and agents (counterpart assessment, formalization and execution of contract); • Management of communication and marketing activities (eg. dissemination to the market of information related to goods sold) also through the use of goods protected by copyright; • Management of donations or gifts having a social / charitable aim and sponsorship of events and initiatives connected to the business. 	<p><u>By crime</u></p> <ul style="list-style-type: none"> • Special Section 1.A “Crimes against the Public Administration”; • Special Section 1.C “Organised crime and International Crimes”; • Special Section 1.E “Crimes against industry and trade” • Special Section 1.F “Corporate crimes (including corruption amongst private parties)”; • Special Section 1.I “Crimes relating to the receiving, using and laundering of unlawfully received money and goods, including self-laundering”; • Special Part 1.L “Crimes against intellectual property rights” <p><u>By process</u></p> <p>Special section 2.C “Sales and Marketing” process</p>
<p>Administration, Finance and Control</p>	<ul style="list-style-type: none"> • Recognition, registration and representation of business activity in accounting records, reports, financial statements and other documents; • Financial resources (collections and payments) and credit management; • Management of direct and indirect taxation • Management of intercompany transactions (eg. transfer pricing); • Management of operations on share capital (management of contributions, profits, reserves, transactions on shareholdings, etc.) and extraordinary transactions (eg. acquisitions, mergers, divestitures of companies and branches); • Management of relations with Shareholders, Board of Auditors and Independent Auditors; • Management of relations with representatives of the Public Administration during inspections (eg. Competition and Market Guarantor Authority, Guarantor for the protection of 	<p><u>By crime</u></p> <ul style="list-style-type: none"> • Special Section 1.A “Crimes against the Public Administration” • Special Section 1.C “Organised crime and International Crimes”; • Special Section 1.D “Crimes resulting in counterfeiting money, credit cards, stamped paper and other identification instruments”; • Special Section 1.F “Corporate crimes (including corruption amongst private parties)”; • Special Section 1.I “Crimes relating to the receiving, using and laundering of unlawfully received money and goods, including self-laundering”.

PROCESSES	SENSITIVE ACTIVITIES	SPECIAL SECTIONS
	<p>personal data, Financial Administration, Arpa, Carabinieri, Police Force concerned with fiscal matters, Local Police, Firefighters, Customs, ASL, INPS, INAIL, etc ...).</p>	<p><u>By process</u></p> <ul style="list-style-type: none"> • Special section 2.D “Administration, Finance and Control” process
<p>Human Resources</p>	<ul style="list-style-type: none"> • Selection, hiring and management of personnel; • Management of travel and entertainment expenses; • Management of company utilities (eg. company cars, mobile phones, computers, credit cards, etc.) 	<p><u>By crime</u></p> <ul style="list-style-type: none"> • Special Section 1.A “Crimes against the Public Administration”; • Special Section 1.C “Organised crime and International Crimes”; • Special Section 1.F “Corporate crimes (including corruption amongst private parties)”; • Special Section 1.G “Crimes against the individual person” • Special Section 1.O “Employing illegally staying third-country nationals” <p><u>By process</u></p> <p>Special section 2.E “Human Resources” process</p>
<p>Information Technology</p>	<ul style="list-style-type: none"> • Management of physical and logical accesses; • Management of the company network security; • Management of software, equipment, devices or programs. 	<p><u>By crime</u></p> <ul style="list-style-type: none"> • Special Part 1.B “Information technology crimes and unlawful data processing”; • Special Part 1.L “Crimes against intellectual property rights” <p><u>By process</u></p> <p>Special section 2.F “Information Technology” process</p>
<p>Legal</p>	<ul style="list-style-type: none"> • Management of judicial and extrajudicial disputes and relations with judicial authorities. 	<p><u>By crime</u></p> <ul style="list-style-type: none"> • Special Section 1.A “Crimes against the Public Administration”; • Special Section 1.C “Organised crime and International

PROCESSES	SENSITIVE ACTIVITIES	SPECIAL SECTIONS
		<p>Crimes”;</p> <ul style="list-style-type: none"> • Special Section 1.F “Corporate crimes (including corruption amongst private parties)”; • Special Section 1.M “Falsehood of information and misstatements” <p><u>By process</u></p> <p>Special section 2.G “Legal” process</p>
<p>Health and Safety at work</p>	<ul style="list-style-type: none"> • Identification of the regulatory provisions for the compliance with technical-structural standards; • Definition of the resources, rules, responsibilities and the authority in the organization; • Identification and valuation of the risks, definition of the preventive and protection measures to eliminate dangers and reduce risks, also of relevant accident, for health and safety at work; • Definition of the requirements about employees expertise, skills and awareness; • Communication, participation and consultation: management of periodic safety meetings, consultation of employees and their representatives; • Definition of measures for operational control and change management; • Procurement and management of contracts: acquisition of mandatory documentation / certifications required by law; • Management of crises; • Health surveillance; • Management of non-compliance, accidents, near misses and corrective actions 	<p><u>By crime</u></p> <ul style="list-style-type: none"> • Special Section H “Manslaughter and serious or very serious culpable injuries, committed with violation of the rules concerning the protection of health and safety at work” <p><u>By process</u></p> <p>Special section 2.H “Health and Safety at Work” process</p>
<p>Environment</p>	<ul style="list-style-type: none"> • Management of environmental compliance; • Management of production; • Management of the co-incineration plant; • Management of suppliers with environmental relevance; • Waste management. 	<p><u>By crime</u></p> <ul style="list-style-type: none"> • Special Part 1.N “Environmental crimes” <p><u>By process</u></p> <ul style="list-style-type: none"> • Special section 2.I “Environment” process

4 ARPA INDUSTRIALE'S SUPERVISORY BODY

4.1 Requirements

Article 6, paragraph 1, letters b) and d) of the Decree exempt the entity from liability if it adopts and effectively implements a compliance programme suitable to prevent the commission of predicate crimes. These Articles also require the entity to establish a body with independent supervisory powers, allowing it to ensure that the Model 231 functions and is observed and autonomous powers of initiative, allowing it to ensure that the Model 231 is constantly updated.

4.2 Composition, appointment and terms in office

The Board of Directors of Arpa Industriale appoints the Supervisory Body, which is a collegiate body and remains in office for the term of the Board of Directors that appointed it.

To ensure its full autonomy and independence, the Supervisory Body reports directly to the Board of Directors of the Company.

If the Board of Directors does not already elect a member with the functions of Chairman from among Supervisory members, the Supervisory Body must do it by itself.

The appointment of the SB and its members must be formally communicated to all business levels through the circulation of an internal document which explains powers, duties and responsibilities of the Supervisory Body. The Supervisory Body composition may be amended at any time by a specific resolution taken by the Board of Directors.

Any possible remuneration of Supervisory Body shall be fixed at the time of the appointment or with a subsequent resolution of the Board of Directors. In any case, the members of the Supervisory Body are refunded for expenses incurred for job reasons.

4.3 Causes of ineligibility, dismissal or forfeit

The appointment as member of the Supervisory Body is subject to the existence of the objective requisites for eligibility.

These are the causes of ineligibility and disqualification:

- family relations, marriage or up to fourth degree of consanguinity with members of the Senior Management;
- conflict of interests, even if potential, with the Company capable of jeopardizing the independence requested by the role and the tasks of the Supervisory Body;
- owning, directly or indirectly, equity participation in entities that could allow the exercise of considerable influence over the Company;
- convicted individuals, even if without a final decision, for the commission of one of the offences foreseen by Legislative Decree no. 231/2001 or other offences affecting its good repute and moral integrity.

Each member of the Supervisory Body, or the entire Supervisory Body, may be removed, by a specific resolution taken by the Board of Directors. When a member of the SB wants to renounce to the assignment, he must give a timely and motivated communication to the Supervisory Body and the Board of Directors themselves.

The Company Board of Directors is responsible for dismissing members of the Supervisory Body. In the event of dismissal or forfeit, the Board of Directors promptly replaces the outgoing member, subject to prior verification of the subjective requirements indicated above. The term in office of the Supervisory Body will expire in the event of dismissal or forfeit of all its members. In this case, the Board of Directors of the Company will appoint a new Supervisory Body immediately.

The annulment of the powers of the Supervisory Body and their allocation to another subject can happen exclusively for motivated cause.

4.4 Powers and duties

The activities conducted by the Supervisory Body cannot be questioned by other Business structure. The surveillance and control of the Supervisory Body is in fact, strictly functional to the objectives and effective enforcement of the Model 231 and it cannot substitute the institutional control functions of the Company.

The Supervisory Body is vested with the powers of action and control needed to ensure an effective and efficient surveillance on the Model 231 pursuant to article 6 of Legislative Decree no 231/2001.

In particular, the Supervisory Body is vested, as to enable the conduction of its duties, with the following powers and tasks:

- rule its own functioning also through the definition of a Regulation over its own activities;
- monitor the functioning of the Model 231;
- perform periodic and continuous inspection and control activity;
- ask relevant information or documentation, to the Directors and to the control Bodies of the Company, to External Auditors, to partners, to advisors and in general to addressees of the Model 231;
- propose the constant adjustment of the Model 231, drafting, when necessary, proposal for the Corporate Body for update and adjustment of the Model 231;
- monitor the abidance to the procedures stated in the Model 231 and detect those behavioural deviations emerging from the analysis of the information flows and from the notices to which the Head of the various Business Structures are obliged to as per the Model 231;
- manage the relations with and ensure information flows to the top management, the Board of Directors, as well as to the Board of Statutory Auditors;
- advise initiatives regarding the distribution and training on the disposition of Legislative Decree no. 231/2001 and the Model 231, on the impacts of the regulatory framework over the activities of the Company and on behaviours;
- provide insight and explanation on the meaning and on the implementation of the indications stated in the Model 231;
- signal in a timely fashion to the Corporate Body, as to render possible the application of appropriate measures, the asserted violations to the Model 231 that could lead to a liability for the Company;
- monitor and evaluate the suitability of the disciplinary system pursuant to Legislative Decree no. 231/2001.

4.5 Reporting to the Supervisory Body (so-called “Information flows”)

The Supervisory Body must be promptly informed, through a dedicated communication system, on acts, behaviours or events that may cause a violation of the Model 231 or that, more broadly, are relevant pursuant to the Legislative Decree no.231/2001.

Top management and the others business functions must communicate in writing to the Supervisory Body information about potential behaviours in violation with the dispositions stated in the Legislative Decree No. 231/2001. Furthermore, they must communicate to the Supervisory Body information about the new circumstances likely to varying or extending the risk areas regarding predicate offenses listed in the Legislative Decree No. 231/2001.

In this regard, the following information must be provided to the Supervisory Body:

- requests for legal assistance submitted by employees when a judicial proceeding involving offences included in Legislative Decree no. 231/2001 is started;
- measures and/or information issued by judicial police, or by any other authority, including administrative ones, involving the Company regarding offences included in Legislative Decree no. 231/2001;
- any possible violations of the provisions contained in the Model 231 and in the Code of Ethics;
- executed operations as an exception to the provisions of the procedures relating to activities relevant for the purposes of the Model 231 and / or, in any case, relevant pursuant to the provisions of the Legislative Decree 231/2001;
- reports in the case of works accidents (with prognosis higher than 40 days);
- communications regarding changes concerning the organisational structure, powers of representation and corporate signature, special powers of attorney and internal delegations;
- minutes of the General Meeting, the Board of Directors and the Board of Statutory Auditors;
- any other information that, although not included in the aforementioned list, is relevant for a correct and complete Model 231 surveillance and update.

4.6 Reporting by the Supervisory Body to the Corporate Bodies

The Supervisory Body shall report about the Model 231 implementation and the emergent critical issue possibilities:

Two lines of reporting by the Supervisory Body are established:

- the first, on an annual basis, to the Board of Directors and the Board of Statutory Auditors;
- the second, to the Management and to the business functions, in the case of necessity.

In order to guarantee continuity of information to the Board of Directors and the Board of Statutory Auditors, the Supervisory Body will provide, on annual basis, the transmission of the report of its activities.

If the Supervisory Body find critical issues relating to any of the contact persons, the corresponding reporting has to be promptly assigned to one of the other persons above mentioned. In the event of critical issues relating to members of the Board of Directors, the Supervisory Body will promptly inform the competent bodies of the Company’s shareholders.

The reporting is about:

- the activity carried out by the Supervisory Body (with specific regard to the checks carried out and the results thereof, the possible updating of the mapping of Sensitive Processes, etc.);

- any critical issues (as well as ideas concerning improvement) emerged both in terms of behaviour or events into Arpa Industriale and in terms of Model 231 effectiveness;
- the action plan planned for the following year.

The Board of Statutory Auditors, the Board of Directors and the Managing Director have the right to call the Supervisory Body in any case, which has the right to request, through the functions or the competent subjects, the call of aforementioned bodies for urgent reasons.

4.7 Model violations reporting and whistleblowing

The Supervisory Body must be promptly informed about any acts, behaviours or events that may cause a Model 231 violation or that are relevant for the purposes of Legislative Decree 231/2001. In order to implement the additions to the above mentioned art. 6 of the Legislative Decree No. 231/2001, the Company has integrated into the Model 231 a managing system for the reports of infringements (i.e. whistleblowing system). The scope of this Model 231 is safeguarding the reporter identity and his right to the privacy. It is possible through the introduction within the disciplinary system of specific penalties imposed in the event of reprisals and discriminatory behaviours to the detriment of the reporter for the reason why he has been denounced, in good faith and on the basis of reasonable facts, unlawful conduct and / or in violation of the Model 231.

Employees, directors and members of corporate bodies as well as third parties must report any violations or suspicions of violation of the Code of Ethics or of the control principles listed in the Model 231 (so-called "reports").

For this reason, an e-mail address odv@arpaindustriale.com is in place for reporting violations or even for suspicions of the Model 231 violations.

The Company has also envisaged the establishment of a second channel for reporting violations through correspondence addressed to: **Organismo di Vigilanza c/o Arpa Industriale S.p.A. Via Giovanni Piumati, 91 12042 Bra (CN).**

Other channels for reporting can be set up if needed; in such cases no amendments of this Model shall be necessary.

The Supervisory Body will provide an analysis of the report, possibly listening to the author and the person responsible for the alleged violation.

The Company informed its employees, directors and members of the corporate bodies as well as third parties about the existence of the mentioned communication channel that allows to present any reports, based on specific and consistent elements of facts, also guaranteeing the confidentiality of information about the reporter's identity.

The Company ensures also the timely information to the entire personnel and to the partners, not only with reference to the procedures and regulations adopted and the related sensitive activities, but also with reference to knowledge, understanding and dissemination about the objectives and the spirit with which the reporting is done.

Reporting shall be about:

- unlawful conducts incorporating one or more types of crimes which may be a source of the company responsibility pursuant to the Legislative Decree no. 231/2001;
- conducts committed in violation of conduct rules, procedures, protocols or dispositions laid down in the Model 231 or in the annexed documents, even if they are not offences.

Personal matters, claims or requests of the reporter relating to the discipline of the employment relationship, or relationships with the hierarchical superior or with colleagues will not be worthy of mention.

The reports must provide useful information to enable the persons in charge to proceed with the necessary and appropriate checks and verifications (Article 6, paragraph 2-bis, Legislative Decree 231/2001).

Anonymous reports will not be taken into account in compliance with the law acted to protect the reporter (Article 6, paragraphs 2-ter and 2-quater, Legislative Decree 231 / 2001). The aforementioned reports will be subject to further verification only if they are characterized by an adequately detailed content and concerning particularly serious offenses or irregularities.

The addressee of the reports is the Supervisory Body.

Reporters in good faith are guaranteed against any form of retaliation, discrimination or penalization and, anyway, the confidentiality of the reporting party identity is assured, without prejudice to legal obligations and the protection of the Company rights of the persons wrongly accused and / or in bad faith.

5 DISCIPLINARY AND PENALTY SYSTEM

5.1 Function of the penalty system

Pursuant to article 6, paragraph 2, letter a) and Article 7, paragraph 4, letter b) of the Decree, the definition of a suitable disciplinary system that combats and sanctions infringements of the Compliance Programme and the associated company procedures by senior managers and/or persons subject to the management or supervision of others, is an indispensable part of the compliance programme and essential for guaranteeing its efficiency.

In general terms, the inclusion of penalties commensurate with the offence and which include “deterrence mechanisms”, applicable in cases of violation of the Compliance Programme and associated company procedures, is intended to contribute to the effectiveness and efficiency of the Compliance Programme itself and of the supervisory and control activities carried out by the Supervisory Body.

The implementation of a disciplinary measure in case of violation of the disposition included in the Model 231 is independent from the commission of an offence and from the verdict of the related criminal prosecution conducted by the judicial authority.

The disciplinary procedure is launched on the impulse of the competent corporate bodies.

The assessment of any liability, coming from the violation of the Model 231, and the attribution of the consequent sanction must be conducted in compliance with the current legislation, privacy, dignity and reputation of the involved persons.

In any case, the application of the provisions of Section 4 of the Code of Ethics is without prejudice.

5.2 Measures against employees

The violation by employees subject to the National Collective Bargaining Agreement for workers in the rubber and electrical industry related to the plastics industry of the individual behavioural rules referred to in this Model 231 constitutes a disciplinary offense.

In particular for employees, in accordance with the National Collective Labour Contract, the following sanctions are expected:

- a) verbal reprimand;
- b) written warning;
- c) fines up to a maximum of three hours of pay and compensation;
- d) suspension from work with deduction of up to a maximum of three days;
- e) dismissal.

5.3 Measures against managers

In case of violation by Company executives of the internal rules envisaged by this Model 231 or, in carrying out activities at risk, a conduct is adopted that does not comply with the provisions of the Model 231, appropriate measures shall be taken against those responsible, in line with the provisions of the Law no. 300 dated May 30th, 1970 (Workers' Statute).

5.4 Measures against the Board of Directors and Statutory Auditors

In case of violations of the disposition of the Model 231 by one or more Directors or Statutory Auditors, it will be given prompt communication to the Board of Directors and Board of Statutory Auditors so that appropriate measures may be applied in compliance with regulations requirements and provisions adopted by the Company. It is remarked that pursuant to article no. 2392 of the Italian Civil Code the Directors are responsible towards the Company for failing to comply with obligations imposed by the law with the proper diligence. Therefore, in relation to the damages caused by specific events closely related to the failure to apply the proper diligence, a social responsibility pursuant to articles 2393 of the Italian Civil Code and following may be stated.

In the event of violations of the dispositions by the Directors, the Supervisory Body will inform the competent bodies of the Company's shareholders without delay.

5.5 Measures against the members of the Supervisory Body

In case of negligence and/or malpractice by the Supervisory Body in the supervision of the correct implementation of the Model 231, on its observance and in the case of missed individuation of violations to it, the Board of Directors will takes appropriate measures, together with the Board of Statutory Auditors, according to the modes provided by the current legislation.

In order to ensure a full right of defence, it must be provided a time limit within which the subject can present the applicable justifications and/or defence documents and can be interviewed.

In case of allegedly illegal conducts incurred in by the members of the Supervisory Body, the Board of Directors, subsequent to the receiving of the report, investigates on the unlawful conduct and also decides the appropriate sanction to be applied.

5.6 Measures against suppliers, collaborators, partners and consultants

Violations by Suppliers, Contractors, Partners and Consultants of the provisions of the Decree and/or of specific clauses on enterprise rules of conduct (defined according to the Code of Ethics and contained in

any contract that the Company might have entered into) may be cause for terminating the contract. Said violation must therefore be reported without delay by the person who detected it, in compliance with internal rules of procedures, so as to enable the competent corporate bodies to make the necessary investigations. Termination of the contract entails the ascertainment of any damage possibly suffered by the Company and the consequent claim for compensation.

5.7 Measures in case of violation of the protection of the reporting entity (Whistleblowing)

Pursuant to the provisions concerning whistleblowing, acts of retaliation or discrimination against the whistleblower are forbidden for reasons connected directly or indirectly to the report carried out.

The Company will be able to apply the following sanctions, laid down in the applied National Collective Labour Contract, to who violate the measures aimed at protecting the reporting person, as well as who carry out, with intent or gross negligence, reports that prove to be unfounded:

- a) verbal reprimand;
- b) written warning;
- c) fines up to a maximum of three hours of pay and compensation;
- d) suspension from work with deduction of up to a maximum of three days;
- e) dismissal.

It should be noted that the adoption of discriminatory measures against the reporters can be denounced to the National Labor Inspectorate, for the measures under its jurisdiction, as well as by the reporting agent, also by the trade union organisation indicated by the same.

The retaliation or discriminatory dismissal of the reporter is not valid. The change of duties pursuant to Article 2103 of the Italian Civil Code, as well as any other retaliation or discriminatory measure adopted against the reporter, are also invalid. It is the b of the employer, in case of claims related to the application of disciplinary sanctions, or demotions, layoffs, transfers, or subjection of the reporting to another organisational measure having direct or indirect negative effects on working conditions after the presentation of the report, to demonstrate that such measures are based on reasons unrelated to the same report.

6 INFORMATION AND TRAINING

6.1 Internal and external communication of the Model 231

In accordance with the provisions of Legislative Decree 231/2001, Arpa Industriale prepares a specific communication and training plan to ensure that the addressees are made aware of the principles and provisions of the Model 231 and associated company procedures/ rules of conduct. The Company also adopts specific measures to ensure that the addressees are actually aware of the aforesaid principles and provisions, with sufficient diversification according to their roles, responsibilities and duties, and with due regard to the areas in which individual addressees operate. This plan is managed by the Human Resources, coordinated by the Supervisory Body.

6.2 *Arpa Industriale's staff training*

The Company organises Training to foster knowledge of the rules set out in the Decree, and to provide a comprehensive overview of the Decree and the resulting practical repercussions, as well as the content and principles underlying the Model 231 among all who are required to know them, comply with them and adhere to them, thereby contributing to their implementation.