



FINE FOODS & PHARMACEUTICALS N.T.M. S.p.A.

Organisation, Management and Control Model
pursuant to Legislative Decree 231/2001

General Part

LIST OF REVISIONS

REV.	DATE	TYPE OF AMENDMENT	APPROVAL
01	28 March 2019	General Part	Board of Directors

INDEX

1.	4	
2.	5	
2.1	Legislative Decree no. 231/2001 and subsequent amendments and additions	5
2.2	Predicate offences and penalties	6
2.3	Confindustria Guidelines	8
3.	9	
3.1	Purpose of the Model	9
3.2	Recipients	9
3.3	Structure of the Model	10
3.4	Approval, modification and implementation of the Model	11
3.5	Elements of the Model	11
4.	15	
4.1	Duties and requirements of the Supervisory Body	14
4.2	Whistleblowing regulations	17

Terms and definitions

Legislative Decree 231/2001 or Decree	Legislative Decree no. 231 of 8 June 2001 "Rules governing the administrative liability of legal persons, companies and associations, including those without legal personality, in accordance with article 11 of law no. 300 of 29 September 2000" and subsequent amendments and additions.
Model	Organisation, management and control Model in accordance with the requirements of Legislative Decree 231/2001.
Supervisory Body (OdV)	Supervisory Body, i.e. the internal control body responsible for supervising the functioning and observance of the Model, as well as its updating.
Guidelines	Documents issued by trade associations or public bodies with authority in relation to Legislative Decree 231/2001.
Risk Assessment	Structured risk assessment methodology and related controls.
Internal control system or SCI	A set of protocols, i.e. procedures, operating instructions and actions adopted by the Company in order to prevent risks.

1. FOREWORD

This document, accompanied by all its annexes, is the Model of Organisation, Management and Control pursuant to Legislative Decree 231/2001 (which is hereinafter referred to as the Model), adopted by the company Fine Foods & Pharmaceuticals N.T.M. S.p.A. (which is hereinafter referred to as Fine Foods or the Company).

Fine Foods operates in the health sector and deals with the production on behalf of third parties (so-called Contract development and manufacturing organization or CDMO) of nutraceuticals and pharmaceutical products. In particular, Fine Foods develops and produces on behalf of pharmaceutical and nutraceutical companies, pharmaceuticals, food supplements or nutraceuticals and, on a residual basis, medical devices, in all solid oral forms, such as powders, granules, coated and non-coated tablets, capsules and all types of packaging: sachets, bags, sticks, tablet bottles, jars, blisters, tubes and strips.

Fine Foods does not hold any patent right on the product that remains in the ownership of the customer.

The task of supervising the functioning and observance of the rules and principles contained in this Model is entrusted to a Supervisory Body with autonomous powers of initiative and control.

2. THE REFERENCE REGULATORY FRAMEWORK

2.1 Legislative Decree no. 231/2001 and subsequent amendments and additions

Legislative Decree 231/2001 "*Rules on governing the administrative liability of legal persons, companies and associations, including those without legal personality*" (which is hereinafter referred to as the Decree), which came into force on July 4, 2001, introduced into the Italian regulatory system the concept of administrative liability for legal persons resulting from the commission of a criminal offence (crime).

The administrative liability of legal persons or entities is in addition to the criminal liability of the natural person who materially committed the crime. Entities may therefore be held liable for certain offences committed or attempted, in their interest or to their advantage by:

- a) a natural person who has top management functions (representation, administration, management, even of an organisational unit of the entity with financial and functional autonomy) or who exercises, even *de facto*, the management and control of the entity;
- b) persons who are subject to the management or supervision of those who manage or control the entity.

The liability of the entity shall be independent of that of the natural person who carried out the act in the interest or for the benefit of the entity. Furthermore, this

responsibility is excluded in the case in which the agent (person taking actions), a natural person, has committed the act in the exclusive interest of themselves or of a third party.

The concept of **interest** is closely related to the purpose of the offence: for it to exist, it is sufficient that the offence was committed with the intention of having the entity acquire an economic benefit, but without it being necessary that this actually was achieved in practice.

The term "**advantage**", on the other hand, refers to the concrete acquisition of an economic benefit by the entity, regardless of the intentions that led the agent to commit the offence.

Legislative Decree no. 231/2001 has diversified the company's liability system according to whether the offence was committed by a person in a top position, or by a person who is subject to the management/supervision of a person in a top position.

In the events in which the offence was committed by **persons in a top position** (letter a), the attribution to the entity is presumed. The entity must therefore demonstrate that the offence was committed by fraudulently circumventing the organisational model suitable for preventing offences of the type that have occurred and that there has been no omission or insufficient control by the Supervisory Body, which is responsible for supervising the correct functioning and effective observance of the Model itself.

Where the offence was committed by **a person in a subordinate position** (letter b), the burden of proof is, unlike in the case of top management, on the judicial authority. The entity will be liable if the commission of the offence was made possible by failure to comply with the obligations of management and supervision. Failure to comply with these obligations is in any case excluded if the entity, prior to the commission of the crime, has adopted and effectively implemented an organization, management and control Model suitable for preventing crimes of the type of the one that occurred.

The Organisational Model must meet, by express legislative prescription (Article 6 of Legislative Decree 231/2001), the following requirements:

- a) identify the activities within the scope of which the crimes, to which the 231 legislation applies, may be committed;
- b) provide for specific procedures aimed at planning the development and implementation of the entity's decisions in relation to the offences to be prevented;
- c) identify ways of managing financial resources that are suitable for preventing the commission of crimes;

- d) provide for information obligations in respect of the Supervisory Body, which is responsible for supervising the functioning of and compliance with the Model;
- e) introduce a Disciplinary System suitable for sanctioning non-compliance with the measures specified in the Model.

2.2 Predicate offences and sanctions

The legislator initially focused their attention only on crimes against the public administration and then intervened on several occasions to strengthen the national legislation and complying it with international conventions.

The liability of the entity does not arise from the commission by the above-mentioned persons of all the types of crimes provided for by the Penal Code or special laws, but is limited to the so-called predicate crimes specifically provided for by Legislative Decree no. 231/2001.

In particular, the cases, organized by category, are as follows:

Categories of offence	Regulatory reference
Offences against the assets of the Public Administration (Fraud)	Art. 24
Computer crimes and unlawful data processing	Art. 24 bis
Organised crime offences	Art. 24 ter
Offences against the assets of the Public Administration (Corruption)	Art. 25
Offences against public trust (counterfeiting of currency)	Art. 25 bis
Offences against industry and trade	Art. 25 bis.1
Corporate offences	Art. 25 ter
Offences for the purpose of terrorism	Art. 25 quater
Practices of female genital mutilation	Art. 25 quater 1
Offences against the individual personality	Art. 25 quinquies
Offences of market abuse	Art. 25 sexies
Offences of negligent injury and manslaughter committed in violation of occupational health and safety regulations	Art. 25 septies
Offences of receiving stolen goods, money laundering and use of money, goods or benefits of illicit origin, as well as self-recycling	Art. 25 octies
Copyright offences	Art. 25 novies
Inducement not to make statements or to make false	Art. 25 decies

statements to the Judicial Authority	
Environmental offences	Art. 25 undecies
Offences of employment of illegally staying third-country nationals	Art. 25 duodecies
Transnational Offences	L. 146/2006
Racism and xenophobia	Art. 25 terdecies

The detailed list of offences is attached to the Model (**List of Offences**).

Article 9, paragraph 1, of the Decree identifies the **sanctions** that may be imposed on the entity for administrative offences related to a crime, or rather:

- 1) pecuniary sanctions;
- 2) disqualification sanctions;
- 3) confiscation;
- 4) publication of the sentence.

In particular, the **disqualification sanctions** provided for are:

- disqualification from carrying on business;
- the suspension or revocation of authorisations, licences or concessions functional to the commission of the offence;
- the prohibition of contracting with the Public Administration, except to obtain the performance of a public service;
- exclusion from benefits, financing, contributions or subsidies and the possible revocation of those already granted;
- the prohibition of advertising goods or services;
- the receivership.

2.3 Confindustria Guidelines

By virtue of what is expressly established in the decree (Article 6 of Legislative Decree 231/2001, third paragraph), the models may be adopted on the basis of codes of conduct or guidelines drawn up by the representative and trade associations, and communicated to the Ministry of Justice.

The Guidelines explain the phases in which the entity should set up an effective risk prevention system for the commission of the offences provided for by the Decree. The phases are as follows:

1. **Identification of potential risks:** the identification of risk areas in the sector or business process in which it is possible to commit the offences referred to in the decree, by means of
 - *Inventory of company areas of activity* (Map of company areas at risk and relevant crimes)

- *Analysis of potential risks* (documented map of potential ways in which offences can be committed in risk areas).

2. Design of the control system (so-called "**protocols**" for the planning of training and implementation of decisions of the entity): the preparation of a suitable control system, aimed at preventing risks through the adoption of specific protocols, by means of

- *Evaluation/building/adjustment of the preventive control system* (documented description of the preventive control system in place and any necessary adjustments).

The components of a preventive control system that must be implemented in the Model are:

- Code of Ethics
- Clear and formalised organisational system
- Authorisation system with definition of authorisation and signing powers
- Operating procedures (manual or computer)
- Staff communication and training
- Monitoring and reporting system

The principles of control that the entity must respect in the development of the entire system architecture are:

- "Every operation, transaction, action must be: verifiable, documented, consistent and appropriate".
- "No one can manage an entire process autonomously".
- "Controls must be documented".

3. Identification of a Supervisory Body, endowed with autonomous powers of initiative and control which is entrusted with the task of supervising the functioning and observance of the Model and of ensuring that it is updated.

4. Disciplinary System, suitable for sanctioning non-compliance with the measures indicated in the Model.

This Model has been prepared in accordance with the latest version of the Confindustria Guidelines, approved by the Ministry of Justice in March 2014.

3. THE MANAGEMENT, ORGANISATION AND CONTROL MODEL ADOPTED BY FINE FOODS & PHARMACEUTICALS N.T.M. S.P.A.

3.1 Purpose of the Model

With the adoption of the Model, Fine Foods aims to adopt an internal control system that meets the purposes and requirements of Legislative Decree 231/2001.

In particular, the Model aims to:

- promotion and enhancement to an even greater extent of an ethical culture within the Company (further promote and enhance an ethical culture within the Company), with a view to fairness and transparency in the conduct of business;
- spread the necessary awareness among all those who work in the name and on behalf of the Company that, in the event of violation of the provisions contained in the Model, may incur in an unlawful punishable offence, on a criminal and administrative level, not only against themselves, but also against the Company;
- emphasise that these forms of illegal behaviour are systematically condemned by the Company, since they are contrary to the ethical and social principles to which they adhere, as well as to the provisions of the law;
- inform all those concerned that the violation of the provisions contained in the Organisational Model of management and control will result in the application of sanctions, or the termination of the contractual relationship;
- introduce a mechanism that allows the setting-up of a permanent process of analysis of company activities, aimed at identifying the areas within which the offences indicated in the Decree may theoretically occur;
- introduce the control principles to which the organisational system must conform so as to be able to prevent, in practice, the risk of committing the offences indicated in the Decree in the specific activities that emerged as a result of the analysis of sensitive areas;
- establish the Supervisory Body (*Organismo di Vigilanza, OdV*) with the task of supervising the correct functioning and observance of the Model and of ensuring that it is updated.

3.2 Recipients

The Model applies to all those who perform, even *de facto*, management, administration, management or control functions in Fine Foods, to employees, as well as consultants, collaborators and, in general, to all third parties acting on behalf of the Company in the context of activities considered "at risk of crime" (hereinafter the "Recipients" or "Third Party Recipients" of the Model).

The subjects to whom the Model is addressed are therefore required to comply strictly with all its provisions, also in fulfilment of the duties of loyalty, correctness and diligence that arise from the legal relationships of a labour law nature established with the Company.

The Company supervises the observance of the provisions contained in the Model ensuring the transparency of the corrective actions taken in case of violation of said actions.

Fine Foods undertakes to disclose, within its own organisation and externally, the contents of the Model and subsequent updates in a complete, accurate and continuous manner.

3.3 Structure of the Model

The Model is composed of a General Part and a Special Part.

The following elements are described in the **General Part**:

- the provisions of the law with a brief examination of the Decree and the Guidelines provided by leading trade associations (Confindustria);
- the purposes, structure and elements of the Model adopted;
- the requirements, functions and powers of the Supervisory Body;
- the Disciplinary System adopted;
- communication activities and the involvement and training of personnel in relation to the Model.

The following elements are described in the **Special Part**:

- the types of offences;
- the rules of conduct;
- sensitive processes / activities;
- procedures, policies and regulations put in place to monitor risk activities

The special part of the Model is organised into sections and each section corresponds to a category of offence among those provided for by Legislative Decree no. 231/2001. The sections are related to the categories of crime that are relevant to the type of activity carried out by Fine Foods.

The Annexes to the Model are:

- The Code of Ethics
- Disciplinary System
- Risk Assessment
- List of offences

3.4 Approval, modification and implementation of the Model

The Model is approved and adopted by resolution of the Board of Directors. The Board of Directors has the task, also on the basis of the indications provided by the Supervisory Body, of updating or supplementing the Model, following:

- regulatory updates;
- significant changes in the organisation;
- changes in company processes and activities or business areas;
- occurrence of extraordinary events (serious violations, disputes, penalties, etc.).

Any amendments or additions to the Model, even on the proposal of the Supervisory Body, to the Model documents are the exclusive responsibility of the Board of Directors, to which is also assigned the task of formulating the allocation of appropriate budgets to the Supervisory Body for the correct performance of its duties.

3.5 Elements of the Model

This Model is based on the following elements, which are integrated between each other:

- Code of Ethics;
- Organisational system;
- Authorising and signing powers;
- Key control actors (governance);
- System of procedures;
- Mapping of risk areas and controls;
- Disciplinary System;
- Training and information in relation to the Model and the Decree.

The Code of Ethics

Fine Foods has adopted its own Code of Ethics, which is an integral part of the Model, in order to ensure compliance with certain shared ethical values and specific rules of conduct with the aim of preventing the offences provided for by Legislative Decree no. 231/2001.

Employees, directors, statutory auditors, consultants, suppliers and in general all those who may carry out activities on behalf of Fine Foods are required to comply with the Code of Ethics.

The Code of Ethics is therefore also applicable to third party recipients in respect of whom compliance with the principles contained in the Code of Ethics is imposed by contractual agreements.

Organizational structure

The organisational structure of Fine Foods is formalised in a corporate organisational chart in which the roles and responsibilities of each function are identified.

This document is referred to in this Model in order to represent the organisational structure adopted by Fine Foods.

Authorising and signing powers

The authorisation system and powers of signature are assigned in accordance with organisational and management responsibilities and with the indication of thresholds for the approval of expenses.

The key control actors

Fine Foods adopts traditional corporate governance with the presence of:

- Board of Directors
- Board of Statutory Auditors
- Auditing Firm

Procedures

Fine Foods has approved and implemented within its own organisation an articulated system of procedures and operating instructions aimed at monitoring company processes and preventing the commission of the offences envisaged by the decree.

The Procedures and Operating Instructions are fundamental parts of the integrated company management system, which is also certified according to international standards in accordance with the following regulations:

- ✓ **UNI EN ISO 9001: 2008**
- ✓ **ISO 22000: 2005**
- ✓ **UNI EN ISO 14001: 2004**
- ✓ **UNI CEI EN ISO 13485-2012**
- ✓ **OHSAS 18001: 2007**
- ✓ **GMP Food Certification**
- ✓ **Organic Certification**
- ✓ **SMETA Certification**

Map of risk areas and controls

The mapping of sensitive activities is a prerequisite for the Model adopted by Fine Foods.

The document identifies the areas of risk in which offences may be committed and defines a control framework (general principles of prevention), which are also referred to in the Model.

The elements that constitute this framework are:

- **Regulation;**
- **Traceability;**
- **Organization;**
- **Division of functions;**
- **Authorising and signing powers;**
- **Monitoring and Reporting.**

The OdV, which keeps the document at its secretariat, has the task of verifying its adequacy and proposing any additions and updates.

The results of the verification activities carried out by the OdV will be specifically communicated by the OdV to the Board of Directors on an annual basis.

Disciplinary System

The effective implementation of the Model is guaranteed by an appropriate Disciplinary System that penalises failure to comply with the rules contained in the Model and all its constituent elements.

Fine Foods has adopted a Disciplinary System (Annex 2) which is an integral part of the Model with the aim of sanctioning non-compliant conduct in a disciplinary manner, regardless of whether proceedings or criminal proceedings have been instituted.

The Disciplinary System is autonomous and does not replace the regulations governing employment relationships such as the Workers' Statute, the Company Collective Bargaining Agreement and the National Labour Contract applied to the company's employees.

The principle recipients of the Disciplinary System are employees, but it may also apply to directors, auditors, consultants and suppliers in different ways.

Information and training activities on the Model

In order to effectively implement the Model, Fine Foods promotes the communication, training and information activities of the Model.

The OdV promotes the implementation of a specific communication and training plan structured by type of recipient, with the aim of ensuring the circulation of the contents of the Model and the Decree.

Communication

The Model is communicated to the control bodies and the Supervisory Body, which receive a copy.

To the employees of the company, it is communicated through:

- information meetings on the purpose and content of the Model (expressly provided for top management functions);
- internal information (for example, communications attached to pay slips for employees);
- posting of the General Part of the Model, the Code of Ethics and the Disciplinary System on the company notice board;
- publication of part of the documentation on the Company's servers and intranet;
- delivery to new employees of an extract of the documentation to be attached to the "information set" usually provided to the employee.

The communication plan must be developed with the intent of providing capillarity, clarity and completeness in the communication, providing for periodic updates following changes or additions to the Model or regulatory changes.

Fine Foods also promotes full disclosure of the Model externally to third parties, by means of:

- publication on the company website of the General Part of the Model, the Code of Ethics and the Disciplinary System;

- information to third parties (customers, suppliers, consultants, etc.).

Training

The training plan provides for two different training methods:

- general training at all levels of the organisation;
- the specific training that is of interest to the top/key manager or in any case to the staff involved in activities at risk of crime.

The general training must provide basic knowledge of the Decree, the contents and aims of the Model and the tasks and powers of the Supervisory Body.

The specific training must provide knowledge and awareness of the risks associated with the company's activities, the controls functions to be activated and the risk assessment techniques so as to provide concrete elements for the identification of any anomalies or non-conformities.

The requirements that the Fine Foods training plan must meet are as follows:

- participation in training courses is compulsory,
- the rapporteur must be a competent person;
- the frequency must be functional to the company's actions;
- the training activity must be recorded and verified.

The training plan, as provided for by the Confindustria guidelines, is supplied in the presence of and/or with the support of e-learning platforms.

4. SUPERVISORY BODY

Legislative Decree no. 231/2001, on the basis of the provisions of Article 6, paragraph 1, provides, among the essential elements for the exemption of the administrative liability of entities, the establishment of a body within the entity (Supervisory Body) with autonomous powers of initiative and control with the task of supervising the operation of the Model and ensuring its updating.

Fine Foods, in implementation of the provisions of the law in order to complete its own Model of Organisation and Control, appoints the aforesaid control body.

The functioning of the OdV is regulated by a specific Regulation of the OdV adopted by the same once it is established.

4.1 Duties and requirements of the Supervisory Body

Requirements of the Supervisory Body

In compliance with the Decree and the Confindustria Guidelines, the Supervisory Body must possess the following requirements:

- **autonomy:** the OdV must be granted complete autonomy, understood as freedom and decision-making capacity, self-determination and action.

This autonomy must be exercised above all with respect to the company's top management, and means that the body must remain outside any form of interference and pressure from the top management.

- **independence:** the position of the supervisory body must be that of a third body hierarchically placed at the top of the chain of command, free from ties of subordination with respect to the top management. The Supervisory Body must not be assigned operational tasks that could affect strategic, operational and financial aspects of the company.
- **professionalism:** the requirement of professionalism refers to the specialized technical skills with which the OdV must be equipped. In particular, the Supervisory Body must be provided with specific knowledge of legal matters, methods and activities of control, risk assessment and management, company organisation, finance, auditing techniques, etc., as well as specific skills in relation to inspection activities, consultancy for the analysis of control systems.
- **continuity of action:** continuity of action is to be understood in terms of the effectiveness of the supervisory and control activities and in terms of the temporal constancy of the performance of the functions of the OdV.
- **good reputation:** the Supervisory Body, given the role they are called upon to play, must necessarily have an ethical profile of indisputable value.

Causes of ineligibility and incompatibility

The following are deemed to be grounds for ineligibility:

- the presence of one of the circumstances referred to in Article 2382 of the Civil Code;
- a final conviction for having committed one of the crimes sanctioned by Legislative Decree no. 231/2001;
- by accepting the appointment, the OdV implicitly acknowledges the absence of such reasons for ineligibility. The rules described above apply even in the case of replacement of the member of the body itself.

In cases where a sentence has been handed down, the Board of Directors may, pending the final sentence being handed down, suspend the powers of the member of the Supervisory Body, after hearing the Board of Statutory Auditors.

In order to guarantee greater autonomy and independence for the Supervisory Body, it must not be a family member of top management, nor must it be linked to the company by significant economic interests or by any situation that may give rise to a conflict of interest.

Appointment, composition and duration of the Supervisory Body

The Supervisory Body is appointed by the Board of Directors. The resolution to appoint it also determines its remuneration.

The number and qualification of the members of the Supervisory Body are decided by the Board of Directors; in the case of Fine Foods, the Supervisory Body is a monocratic body made up of an external member.

The appointment to the Supervisory Body must be communicated to the member appointed and formally accepted by him/her. Subsequently, the Board of Directors informs all levels of the organisation of the appointment and composition of the Supervisory Body.

The term of office is set at three years, renewable if necessary by order of the Board of Directors. In any case, the member remains in office until the appointment of his successor (*prorogatio imperii*).

Withdrawal from office

The revocation of the office of member of the OdV (even if limited to only one member of it) is the exclusive responsibility of the Board of Directors, after hearing the opinion of the Board of Statutory Auditors.

The Supervisory Body may not be revoked except for just cause.

Just cause for revocation, by way of example and not limited to, is understood to mean:

- the loss of the subjective requirements highlighted above;
- the occurrence of one of the reasons for incompatibility highlighted above;
- serious negligence in the performance of the Supervisory Body's duties;

The member of the OdV may withdraw at any time from the office, providing the reasons to the Board of Directors, by giving at least 30 days' notice.

Powers and Functions of the Supervisory Body

The Supervisory Body monitors the effective implementation and updating of the Model.

The tasks entrusted to the Supervisory Body are:

- Verify the adequacy and effectiveness of the Model:
 - verify the suitability of the Model to prevent the occurrence of unlawful conduct, as well as to highlight any implementation;
 - verify the effectiveness of the Model, i.e. the correspondence between the concrete behaviours and those formally foreseen by the Model itself;
 - verify compliance with the principles of conduct and procedures provided for in the Model and detect any deviations.
- Ensure that the Model is kept up to date:
 - updating the model, proposing, if necessary, to the Board of Directors the adaptation of the same, in order to improve its adequacy and effectiveness (in consideration of any regulatory changes, changes in the organizational structure, violations of the Model).

- Promote communication, information and training on the Model and on the Decree:
 - promote and monitor initiatives aimed at promoting communication, information and training of the Model among all recipients;
- Meet with the appropriate rapidity, requests for clarification from company functions or resources or from the Board of Directors and the Board of Statutory Auditors, if related or connected to the Model;
- Periodically report to the Board of Directors/Board of Statutory Auditors on the state of implementation and operation of the Model.

Reporting by the Supervisory Body to the corporate bodies and top management

The Supervisory Body must report the results of its activities periodically to the Board of Directors and the Board of Statutory Auditors.

The OdV must feed a line of reporting on an ongoing basis at least every six months to the entire Board of Directors and the Board of Statutory Auditors.

To this end, the OdV prepares a summary report on its activities and a plan of activities for the following reference period, at the established deadlines.

The OdV may be convened at any time by the company's top management and by the aforementioned bodies and may in turn make a request to this effect in order to report on the functioning of the Model or on specific situations relating to the implementation of the Model.

Information flows from and to the Supervisory Body

The information flows to and from the OdV, also provided for by art. 6 of Legislative Decree no. 231/2001, which expressly refers to "information obligations", are one of the tools available to the OdV to monitor the efficacy and effectiveness of the Model.

The information flows may be of different types:

- Event flows: which take place upon the occurrence of a specific event or situation to be reported to the OdV;
- Periodic flows: defined on a periodic basis and agreed with the company functions;
- Reports: which may come from any employee of the company who detects a danger, a possible fraud or other behaviour that may constitute a violation of the Model (whistleblowing).

The detailed information flows are highlighted in the Model.

The Company has set up a special OdV e-mail address: odv@finefoods.it, which in addition to traditional means of communication, allows employees to report to the OdV conduct that is not in line with those provided for in the Model.

Confidentiality

The OdV has the obligation not to disclose the news and information acquired in the performance of its duties, ensuring absolute confidentiality and refraining from using the information for purposes other than those pertaining to its role as Supervisory Body.

All the information in the possession of the Supervisory Body is treated in accordance with current legislation on privacy (Legislative Decree no. 196/2003 and subsequent amendments and European Regulation no. 679/2016).

4.2 Legislation on Whistleblowing

In the Official Gazette, General Series no. 291 of 14.12.2017, Law no. 179 of 30.11.2017 was published, "Provisions for the protection of persons who report offences or irregularities of which they have become aware in the context of a public or private employment relationship", which came into force on 29.12.2017. The so-called whistleblowing is a tool, designed and tested in the United States and Great Britain, aimed at pursuing a dual purpose: to encourage the emergence of crimes, irregularities, violations of organizational models within the entities, while ensuring the protection of the person who makes the report from possible retaliation or discrimination.

In essence, this is a form of encouragement of denunciation of anti-legal conduct and/or conduct adopted in clear violation of company models and policies. If the report is "*detailed*" and is based "*on precise and consistent elements of fact*", the Legislator intends to provide protection to those who make it, protecting the latter from measures that aim, directly or indirectly, to punish them and, consequently, to prejudice their rights and powers.

The legislative measure consists of two articles, one dedicated to the public administration and the other to the private sector.

The public employee may not be sanctioned, demoted, dismissed, transferred (or subjected to any other organizational measure with negative effects on their working conditions) as a result of the reporting.

From a subjective point of view, the scope of application is extended:

- to employees of the public administrations referred to in Article 1, paragraph 2, and Article 3 of Legislative Decree 165/01
- employees of a public economic entity;
- employees of a body governed by private law and subject to public supervision;
- workers and collaborators, in any capacity, of companies that supply goods or services and carry out works in favour of the public administration.

From an objective point of view, the protection concerns reports or complaints made in the interest of the integrity of the public administration.

The regulation extends to the private sector, through amendments to Legislative Decree 231/2001, the protection of employees or collaborators who report significant offences pursuant to the aforementioned decree (or violations relating to the organisation and management model of the entity) of which they have become aware for reasons of their duties.

In particular, the new legislation provides for the following paragraphs to be added to Article 6 of Legislative Decree 231/2001:

“2 bis. The models referred to in point (a) of the first subparagraph shall include:

- a) one or more channels that allow the persons indicated in article 5, paragraph 1, letters a) and b), to submit, for the protection of the integrity of the entity, detailed reports of unlawful conduct, relevant for the purposes of this decree and based on precise and consistent facts, or of violations of the entity's organisation and management model, of which they have become aware by reason of the functions performed; these channels guarantee the confidentiality of the identity of the whistle-blower in the activities of management of the report;*
- b) at least one alternative reporting channel capable of ensuring, by computerised means, the confidentiality of the identity of the whistle-blower;*
- c) the prohibition of acts of retaliation or discrimination, direct or indirect, against the reporter for reasons directly or indirectly related to the report;*
- d) in the Disciplinary System adopted pursuant to paragraph 2, letter e), sanctions against those who violate the measures for the protection of the whistle-blower, as well as against those who make reports with intent or gross negligence that prove to be unfounded.*

2-ter. The adoption of discriminatory measures against persons who make the reports referred to in paragraph 2-bis may be reported to the National Labour Inspectorate, for measures within its competence, not only by the whistle-blower, but also by the trade union indicated by the whistleblower.

2-quater. Retaliatory or discriminatory dismissal of the whistle-blower shall be null and void. Any change of duties pursuant to Article 2103 of the Italian Civil Code, as well as any other retaliatory or discriminatory measure adopted against the whistle-blower, are also null and void. It is the employer's responsibility, in the event of disputes related to the imposition of disciplinary sanctions, or to demotions, dismissals, transfers, or submission of the whistle-blower to another organisational measure having a negative effect, direct or indirect, on working conditions, following the submission of the whistle-blower, to prove that such measures are based on reasons unrelated to the whistle-blower's report”.

The new legislation therefore "has an impact" on the organisational models adopted pursuant to Legislative Decree 231/2001, requiring, among other things:

- that the organisation models of the entity must provide for the activation of one or more channels allowing the transmission of the reports in order to protect the integrity of the entity; these channels must guarantee the confidentiality of the identity of the whistle-blower in the reporting management activities. The text provides that there must be "at least an alternative channel", suitable for guaranteeing confidentiality by means of computerised means;
- that detailed reports of unlawful conduct (or violations of the organisation and management model of the entity) must be based on precise and consistent facts;

- that the organisational models must provide for disciplinary sanctions against those who violate the measures for the protection of the whistle-blower and those who, with intent or gross negligence, make reports that prove to be unfounded.

In accordance with the new regulatory provisions, Fine Foods establishes the following:

- special channels will be set up to allow senior managers and subordinates to report, in order to protect the integrity of the Company, any unlawful conduct, relevant under Legislative Decree 231/2001, as well as any violation of the Model of which they have become aware by reason of their functions;
- the aforesaid channels, of which at least one with computerised means, will guarantee the confidentiality of the whistle-blower;
- all acts of retaliation or discrimination, direct or indirect, against the whistle-blower for reasons related to the report are prohibited;
- the sanctions set out in the Disciplinary System will be applied to those who violate the measures for the protection of the whistle-blower and to those who, with intent or gross negligence, make reports that prove to be unfounded.