

Indena S.p.A.

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***Organization, Management and Control Model***

*Adopted according to Legislative Decree of June, 8 2001, n. 231*



## CONTENTS

1.	Indena S.p.A. ....	4
2.	Purpose of the Model .....	4
3.	Essential elements of the Model .....	5
4.	Subjects .....	6
	FIRST SECTION .....	8
1.	The Legislative Decree of June, 8 2001, n. 231.....	8
	1.1 <i>The regime of corporate administrative liability established for legal persons, companies and associations</i>	8
	1.2 <i>The crimes and administrative offences that determine the administrative liability of the Body</i>	9
	1.3 <i>The adoption of an Organization and Management Model as possible exemption</i> .....	10
	SECOND SECTION .....	12
1.	The Organization of Indena S.p.A. ....	12
	THIRD SECTION.....	17
1.	The Organization, Management and Control Model.....	17
	1.1 <i>Goals pursued with the adoption of the Organization, Management and Control Model</i>	17
	1.2 <i>Operating methods followed for the development of the Model</i> .....	17
	1.3 <i>Identification of the areas and company processes at potential “risk-crime”</i> .....	19
	1.4 <i>General principles of control</i> .....	21
2.	Supervisory Body.....	22
	2.1 <i>Requirements of the Supervisory Body</i> .....	22
	2.2 <i>Identification of the Supervisory Body, caused of (in)eligibility, revocation and suspension</i>	23

2.3	<i>Functions and powers of the SB</i> .....	26
2.4	<i>Whistle blowing referrals</i> .....	29
2.5	<i>Information flows related to the areas at risk</i> .....	31
2.6	<i>Communication of the SB towards the company bodies</i> .....	32
3.	Disciplinary system.....	33
3.1	<i>Functions of the disciplinary system</i> .....	33
3.2	<i>Sanctions against employees</i> .....	34
3.3	<i>Sanctions against Managers</i> .....	34
3.4	<i>Sanctions against Administrators and components of the Board of Statutory Auditors</i> 35	
4.	Spreading of the Model .....	35
4.1	<i>Initial communication and communication of the subsequent updates</i> .....	35
4.2	<i>Staff training</i> .....	36
4.3	<i>Obligations of external collaborators and partners</i> .....	36
5.	Modification and integrations to the Model .....	37

**ANNEXES**

- 1. Crimes and administrative offences to which applies Leg. Dec. 231/2001;**
- 2. Table of connection trials-crimes**

## **INTRODUCTION**

### **1. Indena S.p.A.**

Indena S.p.A. (Hereinafter also referred to as “Indena” or the “Company”) is active in the production and marketing of extracts derived from medicinal plants, active ingredients, ingredients, etc.

The Legislative Decree of June, 8 2001, n. 231, implementing the authorization according to art. 11 of the Law of September, 29 2000, n. 300 (hereinafter referred to also as “the Decree” or “Leg. Dec. 231/2001”) introduced in the Italian legal system a particular administrative liability regimen for the companies (administrative liability of Bodies).

Indena adopted and, consequently, implemented an Organization, Management and Control Model that defines a structured system of rules and controls to which the Company should comply in order to pursue the social purpose in full compliance with the law provisions in force.

Therefore, the present document represents the Organization, Management and Control Model adopted by the Company according the above-mentioned Leg. Dec. 231/2001 and following modifications and integrations (Hereinafter also referred to as the "Model").

### **2. Purpose of the Model**

The Model aims to represent the system of operating and conduct rules that regulate the activity of the Company, and the additional control elements provided by the Company to prevent crimes and administrative offences regulated by the Decree, committed by individuals in a supervisory position and by those under their management or supervision and from which may derive the administrative liability of the Company itself.

In particular, by the identification of the areas (“areas at risk”) and of the activities (“sensitive activities”) where it is possible to commit the crimes provided by the Decree, and by the provision of specific rules of behaviour for the activities regarding those areas and activities, the Model means to:

- (i) allow the Company to prevent or operate in a timely manner to contrast the committing of crimes for which the Decree establishes the administrative liability of the Bodies;
- (ii) determines, in all those operating in the name and on the behalf of Indena in the areas at risk, the awareness of the possibility to create a liability of administrative nature for the Company, in case they commit crimes provided for by the Decree in the interest or for the benefit of the Company;
- (iii) reiterate that the behaviours that constitute crimes according to the Decree are condemned by Indena also when they are for its interest or for its benefit, as they are contrary to the Law dispositions as well as to the ethic-social principles of the Company activity.

Therefore, the Model consists in a set of procedural rules aimed to the prevention of crimes, and in a set of measures aimed to verify the respect of the identified procedures. The compliance to the Model is mandatory and the possible violations of it constitute a breach of the mandate between the members of the administrative and control boards and, for the employees, a violation of the obligations resulting from the employment relationship and leads to the application of sanctions established in the Disciplinary System (in this respect, see par. 3 of the Third Section of the General Part).

### **3. Essential elements of the Model**

The present document consists in:

- the General Part, that describes the essential elements of the Model in terms of guiding principles and operating methods followed for its development and update, the distinctive tracts of the body in charge of the surveillance on its functioning and on its compliance (“Supervisory Body”, hereinafter also referred to as “SB”), the Disciplinary System defined by the Company and the spreading methods for the Model;
- the Special Part, that contains the “Sections”, i.e. the set of control and behaviour principles considered suitable to rule the processes for which has been detected a potential risk of committing crimes and administrative offences relevant according to Leg. Dec. 231/2001.

The Annexes and the documentation approved by the Board of Directors listed below constitute integral part of the Model:

- Group Code of Ethics;
- the composite paper of the crimes and administrative offences to which applies Leg. Dec. 231/2001 (Annex 1);
- the document of connection trials-crimes (Annex 2);
- the document of information flows toward the Supervisory Body.

#### **4. Subjects**

The rules contained in the Model apply to those that has, also actually, managing, administrative, directive or control functions for the Company, to employees, also if possibly detached for the performing of the activity, and to those who operate on mandate on behalf of the Company, also if they are not employed by the company itself.

Collaborators, Suppliers and other partners (for example, some types of Counsellors, as those that operates in the name and on behalf of the Company to manage the relationships with civil servants, judicial authorities, etc.) should respect the provisions by Leg. Dec. 231/2001 and by Ethics principles of Indena through the documented acknowledgement of the Code of Ethics and by the signing of specific contractual clauses.

## ***General Part***

## FIRST SECTION

### 1. The Legislative Decree of June, 8 2001, n. 231

#### 1.1 *The regime of corporate administrative liability established for legal persons, companies and associations*

Implementing the authorization according to art. 11 of the Law of 29 September 2000 n. 300, on date 8 June 2001 has been issued Leg. Dec. 231/2001, with which the Lawmaker updated the Italian legal system to the International Conventions about Legal Person liability.

The adoption of the Decree includes in the Italian system what established by the OCSE Convention of 17 December 1997 on combating bribery of foreign public officials in international business transactions. This Convention aimed to avoid distortions in international competition between companies, due to the use of corrupt practices, through the definition of common minimal measures that the Countries belonging to OCSE should apply to contrast the corruption of public officials (*levelling of the playing-field*).

Therefore, the international community set the double purpose to create a homogeneous system of sanctions for illegal conducts and to identify specific liabilities for the companies.

The Leg. Dec. 231/2001 introduced in the Italian system the administrative liability (essentially comparable to the criminal liability) of legal persons, companies and associations, also without legal entities (hereinafter “Bodies”), when specific crimes and administrative offences, specifically indicated in the Decree or in regulations that refer to it, are committed in their interest or for their benefit by (i) by individuals, who hold representative, administrative or managerial positions in those Bodies or one of their organisation unit with financial and functional autonomy, as well as by individuals, who effectively exercise the management and control of those Bodies (hereinafter referred to as “Supervisory Subjects”); or (ii) by physical persons subjected to the direction or supervision of one of the aforementioned Supervisory Subjects.

The Body liability adds to the liability of the individual who materially committed the fact and it is autonomous compared to the one of the author of the crime.



## 1.2 *The crimes and administrative offences that determine the administrative liability of the Body*

The types of crimes likely to configure the administrative liability of the Bodies are expressly referred to by specific articles of the Leg. Dec. 231/2001 and L. 146/2006.

For details about crimes and administrative offences by single family, see Annex 1 “Crimes and administrative offences relevant according to Leg. Dec. 231/2001”.

The sanctions established by Leg. Dec. 231/2001 and by L. 146/2006 on the Bodies following the perpetration or attempted perpetration of the crimes involving the administrative liability of the Legal persons are of different types.

The application of the different types varies depending on the fact that the Body liability has been ascertained or that there are ongoing preliminary investigations (precautionary measures).

Every time the Body liability is ascertained, it is provided the confiscation of the price or the proceeds of the crime, imposed by the conviction.

In addition to the confiscation of the price or the proceeds of the crime, are imposed monetary sanctions, applied according to a system based on quotes, that are determined by the Judge in their number and amount within limits defined by the Law.

In addition to monetary sanctions, it is provided also the application of interdictory sanctions, also as precautionary measures, where serious evidences exist to consider the actual Body liability and there are grounded and specific elements that indicate the tangible possibility that illegal actions of the same type of the one under proceeding may be perpetrated.

These sanctions consist in:

- 1) disqualification from exercising the activity;
- 2) suspension or revocation of authorization, licenses or concessions functional to the perpetration of the illegal activity;
- 3) prohibition against negotiating with the Public Administration, except to obtain the services of a public service;
- 4) exclusion from benefits, loans, contributions or subsidies and revocation of those already authorized;
- 5) prohibition against advertising goods and services.

Moreover, it is provided:

- 6) the publication of the conviction, which can be ordered as ancillary penalty when interdictive sanctions are inflicted.

### *1.3 The adoption of an Organization and Management Model as possible exemption*

The Decree establishes, at article 6, that the Bodies are not liable for the crime perpetrated for their interest or benefit by one of the Supervisory Subjects, when they are able to demonstrate:

- (i) the adoption and effective implementation, before the perpetration of the crime, of an Organization and Management Model suitable for the prevention of the perpetration of offences similar to the one that occurred;
- (ii) of having entrusted one of its own bodies (Supervisory Body), with autonomous powers of initiative and control, with the responsibility of overseeing the functioning and the compliance of the Model and to implement its update;
- (iii) that the perpetration of the crime by the Supervisory Subjects occurred only following a fraudulent avoidance of the arranged Organization and Management Model;
- (iv) that the perpetration of the crime was not consequent to an omitted or insufficient supervision by the Supervisory Body.

On the contrary, when the crime is perpetrated by subjects under the management or the supervision of one of the above-mentioned subjects, the Body is liable if the perpetration of the crime was made possible by failure to comply to management and supervision obligations. This failure is, in any event, excluded when the Body, before the perpetration of the crime, has adopted and effectively implemented a Model suitable for the prevention of the perpetration of offences similar to the one that occurred.

In fact, according to article 7 of the Decree, if the crime for the interest or benefit of the Body is perpetrated by a person under the management or supervision of a Supervisory Subject, the adoption and effective implementation of an Organization and Management Model aimed to the prevention of offences similar

to the one that occurred operates as an exemption from liability for the Body if the person perpetrated an action not compliant with the behaviour and control rules regulated by the Model itself.

According to articles 12 and 17 of the Decree, the adoption of an Organization and Management Model is relevant, beyond as possible exemption for the administrative liability of the Body, also for the reduction of the monetary sanction and of the inapplicability of the interdictive sanctions as long as it has been adopted in a moment prior to the opening statement of the first instance hearing and if it is suitable to prevent the perpetration of offences similar to the one that occurred.

The adopted Model should establish measures suitable to grant the performing of the activity of the Body with respect of the Law and to discover and timely eliminate the situations, where there is a risk of perpetration of a crime for the interest or benefit of the Body.

## SECOND SECTION

### 1. The Organization of Indena S.p.A.

Indena S.p.A. is the main manufacturing company of the IdB Group (hereinafter also referred to as “the Group”).

The Group includes manufacturing sites in Italy and abroad, in particular in France and India, and sales subsidiaries in Europe, United States of America, Brazil and China.

The Company Indena S.p.A. is controlled by the parent company IdB Holding S.p.A. (hereinafter also referred to as “IdB Holding” or “Parent Company”) that exercises management and coordination activity according to art. 2497 and following of the Civil Code. Indena S.p.A. Controls Indena India Pvt. Ltd. (India).

In the social purpose of Indena S.p.A. are included:

- *“the production and trade of extracts and derivatives of medicinal plants, the production and trade of medicinal products and of chemical products in general;*
- *the production and trade of pharmaceutical, cosmetic, food, dietary and dietary supplement products;*
- *the cultivation, collection and trade of medicinal plants and of land products.”*

Indena S.p.A. is organized in two sites: the Milan site, that is the registered address of the Company and where there is the main distribution storage, and the Settala (MI) site, which is the production site.

Staff functions of Indena S.p.A. Rely on the parent company IdB Holding S.p.A. according to contracts of *service* specifically stipulated. The services offered by the Parent Company include, but are not limited to:

- General services;

- Administration, finance and control services;
- Legal services;
- IT services;
- Human resources management services;
- Strategic coordination services.

The Company is structured in different organizational structures that have all nature and operating task related to *core business* of the Company. In particular, the following Departments/Services are controlled by Indena S.p.A.:

- Group Technical Operations Department;
- Logistics Department;
- Group Quality Department;
- Purchase Department;
- Research and Development Department;
- Licensing and Business Development Trade Department;
- Marketing Department.

As regards the **productive and logistical processes**, the Company manages activities, through its own suitable dedicated organizational structures, including, but not limited to, those listed below:

- long-term planning and programming of the end of production;
- storage and internal handling of the goods by internal storages and external depositories;
- Definition of the direct material required for the production (e.g. Raw Materials, Medicinal Plants, etc.);

- preparation and collection processes of the materials for the production, spilling, packaging, labelling, analysis and storage;
- external processing processes in outsourcing by contractors;
- planning, programming and execution of goods *intraplant* and *intercompany* transfers;
- waste storage and disposal (both from production and facility);
- keep the legislative and regulatory documentation relevant for the compliance of the production and storage processes (e.g. storage loading/unloading registers, Batch Records, etc.).

Besides the logistical and production “*core*” processes, the Company performs also development activities of industrial methods and processes and has specific organizational structures dedicated to the engineering development of production processes and their related machines, to maintenance of the production sites and to the management of the facility utilities.

As regards the **quality management processes**, according to the GMP Guidelines, the Company adopted the organizational model of the “*Quality Unit*”, that provides for the presence of the Quality Control and Quality Assurance Functions, independent from the Production, as well as the presence of a Qualified Persona (abbreviated as “QP”), hierarchically dependent from the *Quality Unit*.

The Quality control activities of the materials are managed within these structures according to the defined analysis specifications, of the production processes (e.g. in process control, batch review, etc.), of the supply chain (e.g. qualification of the suppliers and supplier audit), legislative and regulatory compliance, validation of the computerised systems.

As regards the **procurement processes**, the Company, by means of the Purchase Department, manages the purchase of the following:

- materials for the production (e.g. medicinal plants, intermediates and semi-finished products of vegetal and not-vegetal origin, excipients, solvents, reagents, etc.);
- processing services by contractors that offer processes or technologies not present within the Company;

- capital goods for the Production, Research and Development like plants, machinery, equipment, tools and whatever required for the activities of the facility;
- service contracts (e.g. mechanical, building and electrical maintenance, etc.);
- counselling services and professional services (e.g. engineering technical services, services regarding health and safety and environmental management, services related to sector-specific regulations, etc.);
- indirect goods and services (e.g. General services, Facility Management, Energy & Utilities, Rentals, etc.).

As regards the **processes and research and development activities**, the Company is committed, through its own dedicated organizational structures, in the following research fields:

- product research;
- process research (Phyto-chemistry and Semi-synthetics, Biotechnology and Microbiology, Botantics);
- Analytical research;
- formulation development.

Concerning these activities and processes, the Company has collaboration, study and/or research relationships with the main research Italian and foreign bodies and laboratories (e.g. Universities, CNR, Clinical Research sites, etc.), which support and collaborate for the completion of project and for the performing of analytical activities and pre-clinical or clinical studies. Moreover, the Company promotes, as Sponsor and Co-Sponsor, of scholarships for the performing of researches related to areas of interest of the Company.

As regards the **activities and trade processes**, the Company trades its products through the Licensing and Business Development Trade Department, which is made by: (i) Area Managers, who deal with the relationships with customers and trade subsidiaries for specific geographical areas and/or trade sectors; ii) the Trade Promotion Service that supports Area Managers and the Trade Subsidiaries in the activities of pre-sale and post-sale and the trade development; iii)

Sales Administration Service that manages the sales order portfolio. Moreover, the Company offers to its customers, through the Licensing and Business Trade Development Department, services of development of customized new projects or products through the activity of Custom Development Manufacturing Outsourcing (CDMO).

As regards the **marketing processes**, the Company performs promotion, communication and marketing activities through off-line (e.g. catalogues, exhibitions, conventions and publications) and on-line (e.g. Web site, social media) channels and promotes sponsorships to bodies like universities, hospitals or public or private institutions in support of educational activities in medical-scientific area and of non-profit initiatives for the community.

Finally, as regards the **product portfolio management**, the pertinent Department of IdB Holding S.p.A. administrates, for all the Group companies, the Intellectual Property Asset related to trademarks and patents, and manages and promotes activities of Life Cycle Management.

Within its own activity, Indena S.p.A. performs also activities of *service* for some Companies belonging to the Group (e.g. assistance in the provisioning activities and assistance with transports) and has intercompany buying and selling relationships (e.g. raw materials, intermediates, machinery).



## THIRD SECTION

### 1. The Organization, Management and Control Model

#### 1.1 *Goals pursued with the adoption of the Organization, Management and Control Model*

Indena, with the adoption of the Model, aims to have a set of behaviour and control principles that, according to the function, mandate, power attribution system, meets the purposes and the requirements established by the Decree, and by its subsequent amendments, about the prevention of Crimes and Administrative Offences.

The control system involves each activity department of the Company through the distinction between the operating and the control tasks.

The Model represents the part of the existing internal control system considered useful for the prevention of the perpetration of crimes in the identified areas at risk (see par. 1.2 and par. 1.3) and it has been adopted after performing an analysis of the organization, management and control tools in order to verify the compliance of the behaviour principles and of the processes already adopted to the purposes established by the Decree.

This analysis activity has been performed with the belief that the adoption of a Model aligned to the prescriptions of the Decree would be, beside a valid instrument of sensitization for all the people that work in the name of the Company, to ensure that they behave correctly and consistently during their activities, also an essential prevention tool against the risk of perpetration of the crimes provided by the reference regulation.

#### 1.2 *Operating methods followed for the development of the Model*

For the construction and the subsequent update of the Model, Indena performed the mapping of the areas and activities at risk, that started from the analysis of the available documentation and from detailed studies performed through interview to the company managers.

Purpose of the interviews was to identify, according to what established in the “Guidelines for the construction of Organization, Management and Control Model” drawn up by Confindustria (hereinafter referred to also as “Guidelines”), the areas directly or instrumentally potentially at risk of perpetration of the crimes established by the Decree, as well as the existing defences aimed to the mitigation of these risks.

The interviews aimed also to start the sensitization process according to the provisions in Leg. Dec. 231/2001, to the adaptation activities of the Company to that same Decree, to the importance of the respect of the internal rules adopted by the Company for the prevention of crimes.

On the bases of the above mapping, an analysis has been performed to verify the predisposition of the existing control system to prevent or identify illegal behaviours like those sanctioned by the Leg. Dec. 231/2001.

After the interviews and the analysis performed, the results of this activity have been officialised in a document named “Risk Assessment ex Leg. Dec. 231/2001 of Indena S.p.A.”.

With specific reference to the crimes of manslaughter and serious personal injury or grievous bodily harm committed violation of the safety and health protection laws (*ex art. 25-septies* of the Decree) and to the environmental crimes (*ex art. 25-undecies* of the Decree), it has been performed a specific analyses aimed to assess the risk management system, already implemented by the Company according to the reference law, through the analysis of the documentation related to the organization/process measures in force, with reference to the safety management on the workplaces and to the environment management and through the performing of inspections in the two production sites of the Company.

The above documents will be made available for the Supervisory Body for the performing of its institutional activity.

### 1.3 Identification of the areas and company processes at potential “risk-crime”

In compliance with what provided for by the art. 6, clause 2, lett. a) of the Leg. Dec. 231/2001, the areas of activity and the company processes identified as at “rick-crime” are reported (following the activity of “mapping of the activities at risk”, described in previous paragraph 1.2), i.e. that could present potential risks of crime perpetration. In particular, it has been identified the following areas of risk in the management of the following processes:

1. Relationships with Public Administration;
2. Purchases;
3. Sales;
4. Production;
5. Quality Assurance and Quality Control;
6. Research and Development;
7. Administration, Finance and Control;
8. Human Resources;
9. Communication and Marketing;
10. IT services;
11. Compliance.

Please note that some of the above activities are managed, in compliance with a specific *Contract of service*, by resources related to the parent company IdB Holding S.p.A.

In these areas of activity, it has been considered the most relevant risks of perpetrating the crimes indicated in art. 24 “*Misappropriation of payments, fraud against the State or public entity or the European Union, or for obtaining public funds and computer fraud against the State or public entity and fraud in the*

*public supplies*", 24-bis "Computer crimes and unlawful processing of data", 24-ter "Organised Crime Offences", 25 "Embezzlement, extortion, illicit induction to give or promise utility, corruption and abuse of office", 25-bis "Forgery of money, public credit cards revenue stamps and tools or identifying marks", 25-bis cl.1 "Crimes against the industry and trade", 25-ter "Corporate crimes", 25-quater "Crimes with purposes of terrorism and subversion of the democratic order", 25-quinquies "Crimes against the individual", 25-septies "Crimes of manslaughter and serious personal injury or grievous bodily harm committed in violation of the occupational safety and health protection laws", 25-octies "Receiving of stolen goods, money laundering and utilisation of money, goods or benefits of unlawful origin as well as self-laundering", 25-octies.1 "Crimes concerning means of payment other than cash and fraudulent transfer of valuables" 25-novies "Crimes concerning violations of copyright", 25-decies "Inducement not to make statements or to make false statements to the judicial authority", 25-undecies "Environmental crimes", 25-duodecies "Employment of illegally staying third-country nationals", 25-quinquiesdecies "Tax crimes", 25-sexiesdecies "Contraband" of the Decree, as well as at the art. 10 of the Law 146/2006.

As regards the remaining types of crime, which configuration in the interest or benefit of the Company has been considered improbable, Indena considered sufficient the defences reported in the Code of Ethics, in particular, the crimes to which it refers to are the following:

- 1) Practices of mutilation of female genital organs (art. 25-quater.1);
- 2) Crimes and administrative offences of market abuse (art. 25-sexies);
- 3) Racism and xenophobia (art. 25-terdecies);
- 4) Fraud in sport competitions, fraudulent exercise of gaming and betting and games of chance exercised with prohibited equipment (; 25-quaterdecies).
- 5) Crimes against cultural heritage (art. 25-septiesdecies);
- 6) Laundering of cultural heritage and sacking of cultural heritage and landscape assets (art. 25-duodevicies).

#### 1.4 General principles of control

In the definition of the Model, particular attention has been paid in the project and subsequent management of the operating processes, to reasonably ensure:

- 1) the separation of tasks by means of a distribution of the responsibilities and the provision of suitable authorisation levels to avoid functional superimpositions or operating allocations that concentrate the critical activities on a single subject;
- 2) a clear and official assignment of powers and responsibilities, with explicit indication of the limits of exercise and in compliance with the assigned duties and the covered positions within the organization structure;
- 3) that the knowledges and the professional skills are periodically evaluated to ascertain their compliance with the assigned goals;
- 4) that the operating processes are traceable and accompanied by a suitable documentation (on paper or computer) to allow, at any time, the verification of the process itself in terms of compliance, consistency, responsibility and respect of the pre-determined rules, also according to the rules in force;
- 5) that the pre-defined processes and operations are measured with objective criteria, parameters and that the final related data flow is ruled allowing a periodical evaluation of the efficiency of the processes for the reaching of the pre-determined goals;
- 6) the presence of safety mechanisms able to ensure a suitable protection/physical-logical access to company data and goods; in particular, the access to data is allowed to operators in possess of suitable powers and profiles and only for the exercise of their assigned duties;
- 7) that the Internal Control System in force is subjected to a continuous activity of supervision to evaluate its effectiveness and efficiency and to suggest the necessary updates.

## 2. Supervisory Body

### 2.1 Requirements of the Supervisory Body

The art. 6, lett. b) of the Leg. Dec. 231/2001 subordinates the exemption from administrative liability of the Body to the institution of a body internal to the Body with autonomous initiative and control powers, that supervise the functioning and the compliance of the Model and control its update.

From the letter of the rule, as well as from the Guidelines issued by Confindustria, appears that the Supervisory Body should have some characteristics necessary to ensure an actual and effective implementation of the Organization, Management and Control Model. In particular, this “structure” should essentially be characterised by:

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

As regards the first requirement (autonomy and independence), it is necessary to ensure to SB a hierarchical independence. The SB reporting activity will be addressed to the Board of Directors.

Moreover, during the activity of identification of the SB components, it will be necessary the research among those could ensure, both under an objective and subjective profile, a full autonomy both in the performing of the Body own activity and in establishing the decisions to adopt.

As regards the requirement of professionalism, it is necessary that the SB is able to exercise its investigative functions according to the actual application of the Model and that, at the same time, it has the necessary qualities to ensure Model dynamism through update proposals to be addressed to the Board of Directors.

Finally, as regards the continuity of action, the SB should constantly supervise the respect of the Model, verify often the effectiveness and the efficacy of the Model also through the analysis of the information flows related to the operating activities performed within the areas considered at risk, ensure its continuous update and be a constant representative for the Addressees of the Model.

As regards the composition of the SB, the Guidelines of Confindustria suggest different solutions, based on the size and the functioning of the Body: therefore, both the hypothesis of a definition of expressly created structures in the Body and the attribution of SB tasks to existing control company structures are considered feasible. Similarly, and always depending from the legal person, it is possible to pre-select structure both with collegial and monocratic composition. Finally, during the enucleation of SB components, it is possible to assign this qualification to external subjects owning the specific necessary skills for the best execution of the task.

## *2.2 Identification of the Supervisory Body, caused of (in)eligibility, revocation and suspension*

In compliance with the article 6, clause 1, letter b) of the Decree and on the bases of the above-described indications, Indena S.p.A. identifies the SB in a body with collegial composition, that should report to the Board of Directors.

The SB is appointed with approval of the Board of Directors; the chosen components shall remain in office for a period of 3 years and can be re-elected at the end of the mandate.

On the occasion of the appointment, the suitable yearly financial resources are determined, which will be available for the SB, as well as the yearly remuneration for the Body components.

The possible revocation of the Body components should be approved by the Board of Directors of the Company and could be approved only for reasons related to severe breaches of the assigned mandate, included violations of the confidentiality obligations indicated below and for the ineligibility causes occurred

reported below; moreover, the Company established specific professionalism, reputation and independence requirements for the members of the Body to safeguard the autonomy and allow a concrete action of the Supervisory Body.

### Ineligibility

The components of the Supervisory Body should have reputation requirements according to art. 109 of the Leg. Dec. 1 September 1993, n. 385.

Moreover, the following cannot be appointed to the position of components of the Supervisory Body:

1. Directors, spouse, cohabitant, relatives and relative in law within the fourth degree of the Company Directors;
2. Directors, spouse, cohabitant, relatives and relative in law within the fourth degree of the Directors of Company children companies and parent companies;
3. people in the conditions mentioned in art. 2382 of the Civil Code, that is those that are banned, incapacitated, bankrupted or that have been condemned, with a judgement (even if not final), to a sentence that involves ban, also temporary, from the public offices or the incapacity to exercise direction tasks of legal persons and companies;
4. people that have been condemned (even if not a final judgement) or sentenced upon request (settlement or similar), or that have been subjected to a penalty order, in Italy or abroad, for the perpetration of one or more of the crimes established in the Decree, or other intentional crimes that may affect the professional reputation required by the position;
5. People that have been condemned (even if not a final judgement) or sentenced upon request (settlement or similar), except in the event of rehabilitation:
  - to custodial sentence for at least one year for one of the crimes established in the Royal Decree 16 March 1942, n. 267 (Bankruptcy Law);
  - to custodial sentence for at least one year for one of the crimes established by the laws that regulate bank, finance, investment, insurance activity and by the laws on markets and transferable securities, of payment instruments;



- to custodial sentence for at least one year for a crime against the Public Administration, public trust, property, public economy and for a crime relating to tax issues;
  - for any not intentional crime to imprisonment for at least one year;
  - for one of the crimes established in title XI of Book V of the Civil Code as rewritten by Leg. Dec. 61/2002.
6. people that assumed the position of Supervisory Body component in companies against which have been applied the sanctions established by art. 9 of the Decree, where in the sentence has been reported the liability/co-liability of these subjects with reference to the non-compliance and/or implementation of the Model;
  7. people that have a conflict of interest, also potential, with the Company, such to compromise its independence;
  8. for components external to SB, people that are related to the Company or to the parent company or one of its children company or to a Company child company, i.e. to the Directors of the Company or of the parent company or of one of its children company or of a Company child company, as well as to the spouse, cohabitant, relatives and relatives in law within the fourth degree of the Directors of the Company or of the parent company or of one of its children company or of a Company child company, by an independent or subordinate work relationship, i.e. by other relationships of monetary or professional nature that compromise their independence; however, potential positions in company control bodies (included Supervisory Bodies) of the parent company or of one of their children companies or by the Company itself are excluded;
  9. people that held directive roles (in the three fiscal years preceding the appointment as member of the SB) in companies subject to bankruptcy, compulsory administrative liquidation or any similar proceeding;
  10. people subjected to preventive measures ordered by the Judicial Authority according to Law 27 December 1956, n. 1423 (Law on Preventive measures towards persons hazardous for the safety and for the public morality), or to Law 31 May 1965, n. 575 (Dispositions against the Mafia).

The candidates to the position of component of the Supervisory Body should self-certify with a Declaration in lieu of affidavit that they are not subject to any of the indicated conditions and expressly committing themselves to communicate possible modifications concerning the content of such statements.

### Forfeiture

The loss of the requirements of the SB reported in par. 2.1 of the realization of one or many of the above ineligibility conditions represents a cause of automatic forfeiture of the position.

If any of these circumstances happen, the President of the Board of Directors will immediately convene the Board of Directors in order to proceed, during the first meeting after the acknowledgement, at the declaration of formal forfeiture of the person in the position of component of the SB and to his/her replacement.

### Suspension

Causes of suspension from the position of component of the Supervisory Body are:

1. the application of a personal precautionary measure;
2. the temporary application of one of the prevention measures established in art. 10, clause 3 of the Law 31 May 1965, n. 575, as replacement of article 3 of the Law 19 March 1990, n. 55 and following modifications.

### *2.3 Functions and powers of the SB*

The institutional functions of the SB have been indicated by the Lawmaker of Leg. Dec. 231/2001 at art. 6, clause 1, letter b) and are included in the following expressions:

- supervise the operation and the compliance of the models;
- take care of their update.

In particular, Indena's Body will have to supervise:

- the actual ability of the Model to prevent the perpetration of the crimes established in the Decree;
- the observation of the prescriptions of the Model by Addressees, verifying the consistency between the actual behaviours and the defined Model, proposing the adoption of corrective interventions and the beginning of disciplinary proceedings against the affected subjects;
- The update of the Model, where update needs are detected related to the enlargement of the eligible crimes and offences to which the Decree applies, i.e. to organization modifications that occurred and that require update proposals by the Body.

The final responsibility of the adoption of the Model lies on the Company Board of Directors.

As a result of the above supervision obligations, the Body should perform the following specific tasks:

- with reference to the verification of the efficacy of the Model, it should:
  - perform investigations on the company activity for the updated mapping of the activity areas at risk within the company;
  - define the activity areas at risk with the help of the related company departments. For this purpose, the Body should be constantly kept informed about the evolution of the activities in such areas;
  - verify the suitability of the organization solutions adopted for the implementation of the Model (definition of the standard clauses, training of the staff, disciplinary measure, etc.), with the help of the related company departments;
- with reference to the verification of the observation of the Model, it should:
  - promote suitable initiatives for the spreading of the knowledge and the understanding of the principles of the Model;
  - collect, process and store the relevant information according to the Model, as well as periodically update the list of information that should be passed to the Body or made available to it;
  - in any case, perform periodical verifications on the functioning of "sensitive" activities or not yet fully responsive to the control principles;
  - carry out the internal investigations for the verification of alleged violations to the prescriptions of the Model;

- with reference to the proposal of updates for the Model and the monitoring of their implementation, it should:
  - on the bases of the results obtained by the verification and control activities, periodically express (at least every year), an evaluation of the suitability of the Model according to the prescriptions of the Decree, to reference principles, to regulatory news and to relevant legal interventions, as well as on their functioning;
  - in relation to these evaluations, it should periodically present to the Board of Directors:
    - update proposals for the Model to the desired situation;
    - necessary actions for the actual implementation of the Organization, Management and Control Model (integration or actual implementation of the internal processing, adoption of standard contractual clauses, etc.)
  - periodically verify the implementation and the actual functionality of the solutions/corrective actions proposed.

Considered the specific aspects and the responsibilities conferred to the Supervisory Body and the related specific professional contents required, the Supervisory Body could also use other internal functions, identified from time to time, for the performing of supervision, control, support tasks for the updating of the Model.

During the performing of its supervision and control activities, SB, without any prior authorization needed, may access to all the structure, with respect of the safety measures and giving prior notice to the Manager of the related Department, and to all the offices of the Company and may talk to any subject operating in these structures and offices to obtain any information or document considered relevant.

Finally, during the performing of its function, the SB will have autonomous power of expenditure, that require the use of a yearly budget suitable for the performing of its functions.

The Supervisory Body ensure the maximum confidentiality about any news, information, referral, against withdrawal of the mandate, with the exception of needs related to the performing of investigations in the hypothesis that it is necessary the support of counsellors external to SB or of other company structures.

## 2.4 Whistle blowing referrals

To protect the Entity, the Addressees of the Model should refer any potential illegal conducts, relevant according to the Leg. Dec. 231/2001, violation or grounded suspicion of violation of the Model, according to prescriptions and through the channels provided by the Company adopted procedure concerning whistle blowing (published on the website of the Group and which is referred to for further details), ensuring that these are detailed and based on accurate and compliant facts.

According to this obligation, the Group companies equipped themselves with a Portal, able to ensure – thanks to IT and technical modes of data encryption – the confidentiality of the referring party identity, of the content of the referral and of the related documentation, in full compliance with the regulation related to personal data protection. The Portal can be accessed by all the referring parties (e.g. employees, suppliers, third parties, etc.) by the specific *link* published on the website of the Group. The Portal allows the submission of referrals through an *on-line* wizard.

Moreover, the referring party can require to submit a referral orally, by an in-person meeting or via video conference. The Referring party should require this meeting by communicating it via regular mail at the address: IdB Holding SpA - Comitato Segnalazioni, Viale Ortles 12 – 20139 Milano (MI), or via e-mail at the e-mail address [comitato.segnalazioni@idbholding.com](mailto:comitato.segnalazioni@idbholding.com).

The *Owner* of the management process of the referrals is the Referral Committee (Comitato Segnalazioni), which is responsible for the evaluation of the received referrals and for the activities to undertake, as well as to inform the Supervisory Body for the pertinent referrals (e.g. referrals, which subject are illegal conducts relevant to the Leg. Dec. 231/01 or violations of the Model). Any resulting measure is defined and applied according to what provided by the disciplinary system.

During each phase of the Management process of the referrals, the Company will ensure the respect of the dispositions in force as regards to the act of referring in the private sector<sup>1</sup>.

Each referral that has been received, has been managed ensuring the confidentiality on the existence and content of the referral itself, as well as on the identity of the referring parties (where known), with the exception of the legal obligations and the protection of the rights of the Company and of the accused people.

The Company expressly prohibits any retaliation of discrimination, direct or indirect, towards reporting parties for reasons directly or indirectly related to the referrals. The above protections are applied, not only to the Company employees, but also to all the subjects who, in several respects, come into contact with the Company itself (e.g. independent workers, counsellors, suppliers, apprentices, volunteers, etc.), as well as to facilitators<sup>2</sup> and to third subjects, anyhow connected to the referring party (e.g. colleagues and families).

Finally, are considered punishable conducts, according to the provisions of the disciplinary system (see the par. 3), both the violation of the protection measures of the referring party and of the subjects connected to the referring party, defined by the Company, and the provision of referrals, with intent and gross diligence, that proved to be unfounded.

Any information and report in the present Model are stored in a dedicated electronic and/or paper file, according to the dispositions contained in the present regulation about personal data management: access to this file is allowed only to Referral Committee members and only for reasons connected to the performance of the aforementioned duties.

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<sup>1</sup> Finally, it should be reminded the Leg. Dec. of March, 10 2023, n. 24, with which it has been implemented the EU Directive 2019/1937 of the European Parliament and Council, regarding the protection of the people that refer violation of the European Union Law. The dispositions mentioned in the above Decree are in force from July, 15 2023. To the referrals submitted before the entry into force date of the above-mentioned Decree, as well as to the referrals submitted until July, 14 2023, continue to be applied the dispositions stated in article 54-bis of the Leg. Dec. n. 165 of 2001, in article 6, clauses 2-bis, 2-ter and 2-quater of the Legislative Decree n. 231/2001 and in article 3 of the Law n. 179/2017.

<sup>2</sup> This means, anyone who assisted the referring party in the process of referral and whose assistance should be kept confidential.

## 2.5 Information flows related to the areas at risk

SB should be informed about any information useful for the evaluation of the riskiness involved in the company processes, as well as to perform its verification and supervision activities related to the effectiveness and compliance to the Model.

To this purpose, have been provided periodical information flows (biannual/on event), i.e. prepared if needed, preset and transmitted by Company Directions/Departments that, based on their attributions, perform operating activities within the processes and by those implied in control activities like, for example:

- news concerning modifications to organization and company processes in force;
- updates of the power and process system;
- visits, inspections, investigations started by the dedicated bodies (for example ASL, INPS, INAIL, AIFA, etc.) and, upon completion, the related results;
- measures and/or news coming from Judicial Police, or from any other authority, that report the conduction of investigations, also against unknown parties, for the crimes affected by Leg. Dec. 231/2001 and that may involve Indena;
- reporting about occupational health and safety, included the reporting of accidents/injuries, also deriving from external factors, that lead to severe or very severe injuries to employees or third parties;
- disciplinary proceedings performed and any sanction imposed for violations of the Model, as well as measures taken, i.e., measures for dismissal of disciplinary proceedings against company employees.

The information and the documentation that should be passed and/or made available to the SB, with the related timings and information channels to use, have been identified by SB and by the Department Managers of the Company. In any case, also Managers should pass any further information that SB may explicitly require and that could be useful for its activity.

## *2.6 Communication of the SB towards the company bodies*

In order to ensure its full autonomy and independence in the performing of its functions, the Supervisory Body refers directly to the Boards of Directors. SB refers about the implementation of the Model and about the appearance of possible criticalities, once a year (or, for serious facts, immediately after the occurrence of the criticality), to the Board of Directors and to the Board of Statutory Auditors by means of a written report. In particular, the report should indicate in detail the activity performed in the reference period, both in terms of performed controls and results obtained, and in terms of possible need to update the Model.

The SB may ask to be heard by the Board of Directors of the Company whenever it deems appropriate to confer with the aforementioned body; similarly, SB has been given the opportunity to ask for clarifications and information to the Board of Directors.

On the other hand, the Supervisory Body could be summoned at any time by the company bodies to report about particular events or situations related to the functioning and the respect of the Model.

The meetings between these bodies and the SB should be recorded and a copy of the records should be kept by SB as well as by the bodies involved time by time.



### 3. Disciplinary system

#### 3.1 Functions of the disciplinary system

The application of disciplinary sanctions in case of violation of the obligations provided for by the Model, included the violations of the protection measures towards the referring party and the perpetration, with intent and gross diligence, of referrals that proved to be unfounded, and, in general, the violation of what required by the whistle blowing procedure, constitutes an essential condition for the effective implementation of the Model itself.

The application of the sanctions is consequent to the violation of the disposition of the Model and, as such, it is independent from the actual perpetration of a crime or from the result of a possible criminal proceeding against the author of the reprehensible behaviour: the purpose of the present system of sanctions is, in fact, to induce the subjects that act in the name and on the behalf of Indena to operate with respect for the Model.

If during its verification and control activity, SB detects a possible violation of the Model, it will start, through the dedicated disciplinary bodies, to a disciplinary proceeding against the author of the potential offence.

The verification of the actual responsibility deriving from the violation of the Model and the issue of the related sanction will happen according to the law dispositions in force, the collective bargaining rules, internal processing, dispositions about *privacy* and in full observation of the essential rights of the dignity and reputation of the subjects involved.

Any act related to the disciplinary proceeding should be communicated by the dedicated disciplinary body to the Supervisory Body for the evaluations and monitoring within its competence.

The Addressee of the disciplinary proceedings, where considered suitable, could be involved in dedicated and compulsory training sessions about the provisions of the Model (with special reference to the rules of behaviour and control that gave origin to the disciplinary proceeding).

### 3.2 *Sanctions against employees*

The single behaviour rules established by the present Model constitute “dispositions for the execution and for the discipline of the work issued by the Employer” which, according to article 2104 of the Civil Code, any employee should observe; the failure to respect the Model by the employee constitutes, therefore, a breach of the contract that may lead to disciplinary sanctions as established by the Law and by the collective bargaining.

More specifically, the body entitled of the disciplinary authority identifies, on the assumption of the violation verification, upon submission of the Supervisory Body and heard the hierarchical superior of the author of the censured behaviour, and analysed the motivations of the employee and heard the opinion of the Supervisory Body, the disciplinary sanction applicable according to the CCNL (National Labour Contract) of reference.

The results of the verification procedure and all the disciplinary sanctions should be periodically communicated to the Supervisory Body.

With specific reference to the disciplinary sanctions established for violations concerning safety and prevention on workplaces, the decision-making authority is the subject qualified as “Employer”, according to art. 2, clause 1, lett. (b) of the Leg. Dec. 81/2008.

### 3.3 *Sanctions against Managers*

Respect by Managers of Indena of the dispositions and organization procedures established by the Model, as well as the compliance to the obligation to ensure compliance to what established by the Model, constitute essential elements of the relationship between them and the Company.

In case of violation of the prescriptions of the Model by a Manager, the Supervisory Body will immediately send a written report to the Chief Executive Officer, to Human Resources Direction or, in more serious cases and where deemed necessary, to the Board of Directors. The Chief Executive Officer or the Board of Directors, depending on the cases, make all the necessary verifications, with wider powers to obtain every useful element, and takes the suitable measures according to what established by applicable Law and CCNL.

Where the adoption, by a Manager, of a behaviour not compliant with what established by the Model, or where there are proofs that a Manager allowed some of its hierarchically subordinate employees to take behaviours that violates the Model, Indena will apply against the responsible party the sanction considered

more suitable, on the bases of the seriousness of the Manager behaviour and according to what established by the National collective bargaining agreement for senior managers of companies that supply goods and services of 30 July 2019 and following modifications.

The results of the verification procedure and all the disciplinary sanctions should be periodically communicated to the Supervisory Body.

#### *3.4 Sanctions against Administrators and components of the Board of Statutory Auditors*

In case of verified violation by one or more administrators of Indena of the dispositions and organization procedures established by the Model and, specifically, in the hypothesis of verified perpetration of a crime relevant according to the Decree that may lead to an administrative liability of Indena, the SB should immediately inform the Board of Statutory Auditors and the President of the Board of Directors.

The Board of Directors is competent for the evaluation of the offence and for taking the most suitable measures against the administrator(s) that perpetrated the offence.

The results of the verification procedure and all the disciplinary sanctions should be communicated to the Supervisory Body.

## **4. Spreading of the Model**

### *4.1 Initial communication and communication of the subsequent updates*

The adoption of the present Organization Model and its subsequent updates are communicated to the Addressee at the moment of its adoption or of the updates with a dedicated email communication.

The Model is also published in electronic format in the shared files on the network.

Following the publication on the Intranet, the Addressee should comply to the principles, rules and proceedings therein contained during the performing of the “sensitive activities” related to the processes at potential risk 231.

The new recruits will be given communication about the adoption of the Organization Model, as well as an electronic or paper copy of the Model itself, of the Codes of Ethics and of the company procedures and regulations.

#### *4.2 Staff training*

The Model, due to the obligations that imposes to the staff, becomes to all intents, both contractual and legal, part of the company regulations.

The training of the staff for the purposes of the implementation of the Model is coordinated by the Human Resources Direction of IdB Holding, together with the SB.

The training level is characterized by a different approach and degree of detailed knowledge, depending from the qualification of the affected subjects and to the degree of their involvement in the sensitive activities indicated in the Model.

Specifically, the Company establishes the issue of courses that illustrate, with a modular approach:

- (i) the regulatory environment;
- (ii) the Organization, Management and Control Model adopted by Indena;
- (iii) the Supervisory Body and the management of the Model in time.

The Human Resources Direction of IdB Holding, together with SB, verifies also that the training program is suitable and effectively implemented.

#### *4.3 Obligations of external collaborators and partners*

In contracts concluded by the Company with external collaborators and partners, it is established the obligation, for these subjects, to avoid behaviours in contrast with the behaviour guidelines indicated in the Code of Ethics and that shall imply the perpetration, in the interest and for benefit of Indena, of a crime relevant according to the Decree; moreover, these contracts, where deemed appropriate, establish that the violation of this obligation may give the opportunity

to the Company to use the termination clause expressed according to article 1456 of the Civil Code, where the Italian Law is applicable, or a similar disposition, where in force, according to a different applicable law.

## **5. Modification and integrations to the Model**

In compliance with what established in the article 6, clause 1, letter a) of the Decree, according to which the Model represents an act adopted by the “governing body” of the Body, Indena empowers the Board of Directors to adopt, also on the bases of indications and suggestions from SB, modifications to the Model and to adopt its integrations with further behaviour and control protocols related to other types of crime that, following new legislative modifications occurred, are now included or however related to the application area of the Decree and that are considered at risk of perpetration in the interest or for benefit of the Company.