



# **ORGANISATION AND MANAGEMENT MODEL**

UNDER ITALIAN LEGISLATIVE  
DECREE NO. 231 OF 8 JUNE 2001

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## **1 DEFINITIONS**

The following definitions apply throughout the Model, without prejudice to any further definitions contained in the individual sections.

**Authority** Judicial Authorities, Supervisory Authorities, law enforcement agencies and any Public Official or Person in Charge of a Public Service who has powers of inspection.

**Sensitive Activities** The specific activities at risk of offences under Decree 231.

**Code of Ethics** The code of ethics adopted and approved by the Azimut Benetti S.p.A.'s Board of Directors and its updates.

**Independent Contractors** Agents, finders, distributors, contractors, suppliers, dealers, brokers, intermediaries, collaborators, consultants and all those operating in Italy and abroad directly and indirectly in the name of and/or on behalf of and/or under the control of Azimut and/or Group Companies.

**Decree 231 or Decree** Italian Legislative Decree No. 231 of 8 June 2001, and its subsequent amendments and supplements.

**Recipients of the Model** Employees, members of the Company's Board of Directors, the members of the Company's Board of Statutory Auditors, to the extent applicable, the members of the Company's auditing firm and the Independent Contractors.

**Employees** Employees working for the Company under a subordinate employment relationship, regardless of the contract applied, their qualification and/or corporate position as well as of any secondment to other employers in Italy or abroad.

<b>Group</b>	Azimut Benetti S.p.A. and its subsidiaries and/or associated companies.
<b>Persons in charge of a public service</b>	Those who, in any capacity, provide a public service. Public service must be understood as an activity regulated in the same forms as the public function, but characterised by the lack of the powers typical of the latter, and with the exclusion of the carrying out of simple organisational tasks and the provision of purely practical work (under Article 358 of the Italian Criminal Code).
<b>Azimut or the Company</b>	Azimut Benetti S.p.A.
<b>Organisation and Management Model</b>	The Organisation, Management and Control Model adopted by Azimut under Italian Legislative Decree No. 231
<b>Supervisory Body or SB</b>	The supervisory body, appointed by Azimut under Decree 231, in charge of supervising the functioning of the Model and compliance with it, as well as the updating of the Model.
<b>Public Administration</b>	Public bodies, public administrations and, any institutional stakeholder, both Italian and foreign.
<b>Public Official</b>	Those who exercise a legislative, judicial or administrative public function. For the same purposes, an administrative function is public if it is governed by rules of public law and authoritative acts and is characterised by the formation and manifestation of the public administration's intention or by its being carried out by means of authoritative or certifying powers (under Article 357 of the Italian Criminal Code).
<b>Offence</b>	The predicate offences to which the provisions of Decree 231 apply.

## **2 PURPOSE AND LEGAL PRINCIPLES**

### **2.1 Italian Legislative Decree No. 231 of 8 June 2001**

Italian Legislative Decree No. 231 of 8 June 2001 introduced into our legal system “administrative” liability arising from Offences committed by entities, as a distinct and independent liability from that of the natural person committing the offence.

This liability, although formally classified as administrative, is ancillary to the ascertainment of a fact constituting an Offence by the criminal Court.

The Offence, included among those identified in Decree 231, must be committed by a person linked to the entity by a relationship entailing certain duties and responsibilities, namely:

- a) by persons in top management, i.e., persons who hold positions of representation, governance or management of the entity or one of its organisational units having financial and functional independence, as well as by persons who — *de facto* or otherwise — manage and control it (in essence, in the case of companies, the *management*);
- b) by subordinates, i.e., persons subject to the direction or supervision of one of the persons referred to in point a) (in essence, in the case of companies, the employees and contractors of the entity).

This is an extension of liability, which extends the punishment of certain criminal offences, in addition to the natural person who materially committed the offence, to the entities that obtained an advantage from the commission of the offence or in whose interest the offence was committed. The “advantage” or “interest” represent two distinct criteria for imputation of liability, the existence of even only one of them being sufficient for the entity’s liability to arise.

The liability of entities applies to the categories of offences expressly set out in Decree 231 and, under Article 4 of the aforementioned Decree, may also arise in relation to offences committed abroad, provided that the country where the offence was committed does not prosecute for such offences. Moreover, the commission in the form of an attempt is also sanctioned.

### **2.2 Criminal Offences**

The entity can only be held liable for the commission of certain specific offences set out in Decree 231, as amended by various subsequent legislative measures that have, from time to time, expanded the list of offences contained in the Decree.

The types of Offences that may give rise to the entity’s administrative liability under the Decree belong

to the following categories:

- offences committed in dealings with the Public Administration (Articles 24 and 25);
- cybercrimes and unlawful data processing (Article 24 *bis*);
- organised crime offences (Article 24 *ter*);
- counterfeiting money, legal tender (*carte di pubblico credito*), revenue stamps and distinctive signs (Article 25 *bis*);
- offences against industry and trade (Article 25 *bis*1);
- corporate offences (Article 25 *ter*);
- offences for the purpose of terrorism or to subvert the democratic order (Article 25 *quater*);
- female genital mutilation (Article 25 *quater*1);
- offences against the individual (Article 25 *quinquies*);
- market abuse offences (Article 25 *sexies*);
- other cases of market abuse (Article 187 *quinquies* Italian Consolidated Law on Finance (“TUF”));
- manslaughter and serious or grievous bodily harm through negligence committed in breach of laws on accident prevention and protection of workplace hygiene and health (Article 25 *septies*);
- handling stolen goods, laundering and use of money, goods or benefits of unlawful origin, as well as self-laundering (Article 25 *octies*);
- copyright infringement offences (Article 25 *nonies*);
- inducement not to make statements or to make false statements to the Judicial Authorities (Article 25 *decies*);
- environmental offences (Article 25 *undecies*);
- employment of undocumented foreign nationals (Article 25 *duodecies*);
- racism and xenophobia (Article 25 *terdecies*);
- fraud in sports competitions, unlawful gambling and betting and games of chance using prohibited equipment (Article 25 *quaterdecies*);
- tax offences (Article 25 *quinquesdecies*);

- smuggling (Article 25 *sexiesdecies*);<sup>1</sup>
- transnational offences (Article 10, Italian Law No. 146 of 16 March 2006);

### **2.3 The imputation criteria**

For the criminal conduct of a person in a top management position or of a subordinate to also give rise to liability on the part of the legal person to which these persons belong, the Offence shall be committed in the interest or to the advantage of the legal person. The “interest” exists when the perpetrator of the Offence has acted with the intention of favouring the entity, regardless of whether this objective was actually achieved; the “advantage” consists in the positive result, financial or otherwise, that the entity has gained, or could have gained, from the Offence. Therefore, the entity is not liable for Offences committed by natural persons exclusively in their own interest or in the interest of third parties.

### **2.4 Sanctions**

The sanctions system provided for in Decree 231 is divided into four types of sanctions to which the entity may be subject in the event of conviction:

- fines;
- disqualification sanctions;
- confiscation;
- publication of the judgment.

Fines are always applied in the event of conviction.

The calculation of the sanction amount, under Article 10 of the Decree, is based on a complex system of quotas. The amount of each quota varies from a minimum of EUR 258.23 to a maximum of EUR 1,549.37. For each Offence, the Decree provides for the application of a fine up to a specified number of quotas.

The actual sanction is established by the Judge, on the basis of specific criteria such as the seriousness of the offence, the degree of the entity’s responsibility, the activity carried out by the entity to eliminate or mitigate the consequences of the offence and to prevent the commission of other offences, and the entity’s financial and asset positions (under Articles 11 and 12 of the Decree).

Disqualification sanctions are only imposed if expressly provided for in Decree 231 for the Offence for which the entity is convicted. The individual sanctions are as follows:

- disqualification from carrying on the business activity;

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<sup>1</sup> Paragraph as amended by the update of Model 231 approved by resolution of the Board of Directors on 11 December 2020 (hereinafter “REV. 3”).

- suspension or revocation of authorisations, licences or concessions functional to the commission of the Offence;
- prohibition on contracting with the Public Administration, except to obtain the performance of a public service;
- exclusion from benefits, loans, grants or subsidies and the possible revocation of those already granted;
- prohibition of advertising goods or services.

These types of sanctions apply when the following conditions are met: (a) the entity has obtained a significant profit from the Offence and, at the same time, the Offence has been committed by a person in top management or, if committed by subordinates, the commission of the Offence has been facilitated by deficiencies in the organisation model; or, alternatively, (b) there has been a repetition of the Offence.

In choosing the applicable disqualification sanction, the Judge must apply the criteria examined above for fines.

More in detail, the disqualification sanction must be specific, i.e., that it relates to the specific activity to which the unlawful conduct of the entity relates. Several disqualification sanctions may be applied jointly.

In cases where the prerequisites for imposing a disqualification sanction involving the interruption of the entity's activity are met, if the entity performs a public service or a service of public necessity the interruption of which may result in serious harm to the community, or if the interruption of the activity, given the size of the entity and the financial position of the geographical area in which it is located, may have significant repercussions on employment, it is provided that the Judge may, in place of the disqualification sanction, order that the activity of the entity continue under the guidance of a commissioner for a period equal to the duration of the sanction that would have been imposed.

The duration of disqualification sanctions may not be less than three months nor exceed two years. In fact, disqualification measures are, in principle, temporary. However, if the same legal person has been sentenced at least three times in the last seven years to temporary disqualification from activity, and if it has obtained a significant profit from the Offence, the Decree provides for the sanction of definitive disqualification from carrying out the business activity.

Decree 231 also states that the company may be exempt from disqualification sanctions if it has fully compensated for the damage resulting from the offence and has implemented adequate organisation and management models. In particular, disqualification sanctions shall not be applied when, before the opening of the first instance hearing, the following conditions are met: (a) the damage resulting from the offence has been fully compensated for and the harmful or dangerous consequences of the offence have been corrected or actual measures have been implemented to eliminate them; (b) the entity has



eliminated the organisational deficiencies that led to the offence through the adoption and implementation of organisational models capable of preventing the offences of the type occurred in the future, and (c) the profits from the offence have been made available for confiscation.

Confiscation of the price or profit of the Offence is always ordered in the event of conviction. Where it is not possible to confiscate the assets that constituted the price or profit of the Offence, such confiscation may concern sums of money, assets or other benefits of equivalent value.

The publication of the conviction judgment, in excerpt or in full, in one or more newspapers indicated by the Judge in the judgment, at the expense of the convicted entity, may be ordered in cases where a disqualification sanction is imposed.

## **2.5 Precautionary measures**

During criminal proceedings, at the request of the Public Prosecutor, the Judge may order as a precautionary measure the application of some of the above disqualification sanctions.

This is possible in the presence of serious indications of the entity's liability and of well-founded and specific evidence suggesting that there is a real danger that offences of the same nature as the one being prosecuted will be committed.

In determining the precautionary measures, the Judge takes into account the suitability of each one in relation to the nature and degree of the precautionary requirements of the case: the precautionary measure is proportionate to the extent of the alleged unlawful conduct and the sanction that can be applied. Disqualification from carrying out the business activity may only be imposed as a precautionary measure when all other measures are inadequate.

Precautionary measures may not be applied together nor last longer than one year. It is also possible that - also in precautionary proceedings - in lieu of disqualification sanctions, a commissioner may be appointed to the entity for the duration of the sanction that would have been applied.

## **2.6 Organisation and management models for the purposes of exemption from liability**

Once it is ascertained that a person from top management has committed an Offence in the interest or to the advantage of the entity, Decree 231 excludes the entity's liability where the entity proves:

- that it has adopted and effectively implemented an appropriate organisation and management model to prevent the commission of Offences of the type committed;
- that a body with powers of initiative and control had been set up within the entity, entrusted with the duty of supervising the operation of and compliance with the models and ensuring that they are updated (the so-called supervisory body);
- that the persons who committed the Offence fraudulently evaded the organisation and

management model, there having thus been no omission or insufficient supervision by the aforementioned supervisory body.

Where the Offence is committed by a person in a subordinate position, the liability of the entity exists only if it is established that the commission of the Offence was made possible by the failure to comply with management and supervisory obligations, and according to Decree 231, there is no failure to comply with management and supervisory obligations if the entity, before the offence was committed, adopted and effectively implemented the organisation and management model (“fault in organisation”).

At the heart, therefore, of the rules governing the liability of entities under Decree 231 are the provisions relating to organisation and management models. They constitute a system of “safeguards” aimed at preventing the commission of offences.

The adoption and effective implementation of an organisation and management model whose content corresponds to that required by Decree 231 constitutes, in fact, the objective evidence that makes it possible to exclude the existence of the “organisational fault” of the entity, and, consequently, its liability in the event of offences committed by its top management or employees.

The Decree 231 system assigns multiple functions to organisation and management models. If they are adopted before the commission of the Offence, they exempt the legal person from liability; if they are adopted after the commission of the Offence (provided that they are adopted before the opening of the first instance hearing), they may lead to a reduction of the fine and the exclusion of disqualification sanctions; if they are adopted after the application of a precautionary measure, they may lead to its suspension (Article 49 of the Decree).

## **2.7 Features of organisation and management models**

Decree 231 provides that an effective model must have the following minimum content:

- identify the activities in the context of which the Offences set out in the Decree may be committed;
- provide specific protocols to plan training and implementation of the entity’s decisions regarding the offences to be prevented;
- identify methods through which financial resources are to be managed to prevent the commission of Offences;
- impose obligations to inform the body having the duty of overseeing the operation of and compliance with the model;
- introduce an internal disciplinary system capable of sanctioning any non-compliance with the measures indicated in the model;
- provide, in relation to the nature and size of the entity as well as the type of activity carried out,

suitable measures to ensure that the performance of the activity is in compliance with the law and to promptly discover and eliminate situations involving risk.

## **2.8 Whistleblowing<sup>2</sup>**

On 29 December 2017, Italian Law No. 179/2017 on “Provisions for the protection of whistleblowers reporting offences or irregularities of which they have become aware in connection with a public or private employment relationship” entered into force; such law was followed by Italian Legislative Decree No. 24 of 10 March 2023, (“Whistleblowing Law”), which, among other things, broadened the protection in favour of whistleblowers and the scope of reportable offences.

In particular, the Whistleblowing Law provides for:

- the implementation of an internal reporting channel that guarantees the confidentiality of the whistleblower and compliance with minimum deadlines for handling the report, in accordance with Article 5 of Italian Legislative Decree No. 24 of 10 March 2023;
- the possibility of reporting, in addition to breaches of the Organisation Model, more generally, breaches of national or EU regulatory provisions that harm the public interest or Azimut’s integrity;
- a ban on retaliatory actions against the whistleblower, but also against so-called ‘facilitators’, the whistleblower’s colleagues, family members or entities, for reasons directly or indirectly linked to the report. In this regard, in the context of judicial or extrajudicial proceedings, retaliation means any conduct, act or omission, even if only attempted or threatened, occurring by reason of the whistleblowing report, complaint to judicial or accounting authorities or public disclosure and which causes or is likely to cause the whistleblower or the person making the report, directly or indirectly, unjust damage; These include dismissal, intimidation, early termination of a fixed-term contract or otherwise unfavourable treatment;
- sanctions against those who breach the prohibition referred to in the previous paragraph;
- without prejudice to the provisions of Article 20 of the Whistleblowing Law, sanctions against the reporting person/whistleblower, where his or her criminal liability for the offences of defamation or slander or his or her civil liability on the same ground, in cases of wilful misconduct or gross negligence, has been established, including by a judgment of first instance.

Azimut has adapted the reporting channel and related internal procedures to comply with Italian Legislative Decree No. 24 of 10 March 2023. The procedure, illustrative slides, the handbook for making a report and the link to do so are available at <https://www.azimutbenetti.com/it/whistleblowing/>.

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<sup>2</sup> Chapter added by the update of Model 231 approved by resolution of the Board of Directors on 27 July 2018 (hereinafter “REV 3”) and amended by update of Model 231 approved and adopted by resolution of the Board of Directors on 9 October 2023 (hereinafter “REV. 5”).

## **2.9 Confindustria Guidelines**

Decree 231 states that organisation and management models may be adopted on the basis of codes of conduct (or guidelines) drawn up by representative trade associations and communicated to the Ministry of Justice (Article 6, paragraph 3). In particular, in March 2002, Confindustria published its own “Guidelines for the construction of organisation, management and control models under Italian Legislative Decree no. 231/2001” updating them in March 2008 and, most recently, in July 2014, in the light of the various legislative amendments, case law and implementing practice that have taken place in the meantime.

The Confindustria Guidelines identify two main phases into which the risk prevention system referred to in Decree 231 should be divided, namely: the identification of potential risks and the design of the control system. An obligatory step in the construction of a preventive control system is the definition of the “acceptable risk” for the company, which must be differentiated in relation to the individual Offences.

## **3 THE AZIMUT BENETTI S.P.A. ORGANISATION AND MANAGEMENT MODEL**

### **3.1 Adoption of the Organisation and Management Model by Azimut**

Azimut has determined that it is essential and in line with its corporate policy to adopt an Organisation and Management Model under Decree 231, so that all Recipients of the Model may, in the performance of their activities and services, behave in such a way that prevents the risk of commission of the Offences envisaged by Decree 231.

In constructing the Organisation and Management Model, Azimut has drawn not only on the provisions of Decree 231, but also on the latest guidelines set out in the Confindustria Guidelines, July 2014 edition.

The Organisation and Management Model was approved and adopted by Azimut’s Board of Directors on 29 May 2015 in compliance with the provisions of Decree 231. At the same time as approving and adopting the Organisation and Management Model, the Board of Directors established the body responsible for supervising the functioning of and compliance with the Organisation and Management Model in accordance with the provisions of Decree 231 (the “Supervisory Body”).

With a resolution of 21 July 2016, Azimut’s Board of Directors approved and adopted the first update of the Organisation and Management Model with reference to Health and Safety in the Workplace offences (Article 25-*septies* Decree 231) and in light of the change in the scope of application of Decree 231/2001 in relation to corporate offences (Article 25-*ter* Decree 231), the offence of self-laundering (Article 25-*octies* Decree 231) and environmental offences (Article 25-*undecies* Decree 231).<sup>3</sup>

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<sup>3</sup> Paragraph added by update of Model 231 approved by resolution of the Board of Directors on 21 July 2016 (hereinafter “REV. 1”).

By resolution of 10 February 2017, Azimut Board of Directors approved and adopted the second update of the Organisation and Management Model with reference to the system of sanctions against Employees described below.<sup>4</sup>

By resolution of 27 July 2018, Azimut's Board of Directors approved and adopted the third update of the Organisation and Management Model with reference to offences relating to racism and xenophobia (Article 25-*terdecies* Decree 231) and, in light of the change in the scope of application of Decree 231/2001 in relation to corporate offences (Article 25-*ter* Decree 231), to environmental offences (Article 25-*undecies* Decree 231). The update was also necessary following the entry into force of Italian Law No. 279/2017 on whistleblowing, which amended Article 6 of Decree 231.<sup>5</sup>

With a resolution of 23 October 2020, Azimut's Board of Directors approved the fourth update of the Organisation and Management Model concerning offences against the public administration (Articles 24 and 25 Decree 231), corporate offences (Article 25 *ter* Decree 231), other market abuse offences (Article 187 *quinquies* TUF), tax offences (Article 25 *quinquesdecies* Decree 231) and smuggling (Article 25 *sexiesdecies* Decree 231); this update of the Model was then adopted by resolution of the Board of Directors on 11 December 2020.<sup>6</sup>

By resolution of 9 October 2023, Azimut's Board of Directors approved and adopted the fifth update of the Organisation and Management Model, following the entry into force of Italian Legislative Decree No. 24/2023 on whistleblowing.<sup>7</sup>

### **3.2 Purpose of the Organisation and Management Model**

With the adoption of the Model and the Code of Ethics, the Company intends to refine and improve the existing set of rules of conduct, principles, protocols and procedures, as well as all the existing organisational tools and internal controls, thus complying fully with Decree 231.

The purpose of the Model is to create an organic and structured system of principles and protocols with the specific aim of preventing the commission of the offences covered by Decree 231 and to disseminate a business culture based on legality, ethics, fairness and transparency.

Azimut's Organisation and Management Model has the following purposes:

- identification of the areas at risk of commission of Offences by means of an in-depth analysis of the Company's activities, existing protocols and safeguards, practices, and authorisation levels;
- providing principles of conduct and procedural principles aimed at ensuring compliance with Decree 231 and prevent the commission of control Offences;

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<sup>4</sup> Paragraph added with update of Model 231 REV. 5.

<sup>5</sup> Paragraph added with update of Model 231 REV. 3 and amended by update of Model 231 REV. 5.

<sup>6</sup> Paragraph added with update of Model 231 REV. 4 and amended by update of Model 231 REV. 5

<sup>7</sup> Paragraph added with update of Model 231 REV. 5.

- ensuring the monitoring of activities at risk of Offence and prompt intervention in the event of anomaly, to prevent and impede the commission of the Offences;
- adequately informing the Recipients of the Model about the activities that give rise to the risk of commission of an Offence, clarifying that the commission, even in the form of attempt, of an Offence - even if to the advantage or in the interest of the Company - constitutes a breach of the Model and of Azimut's Code of Ethics and constitutes an offence punishable by criminal and administrative sanctions, not only against the perpetrator of the Offence, but also against Azimut;
- clarifying the composition of the Supervisory Body, with the attribution to it of the duties provided for by Decree 231 and the granting of powers such as to guarantee its full and effective operation and independence;
- establishing effective information and communication flows to and from the Supervisory Body;
- adopting a specific and appropriate disciplinary system to prosecute and sanction breaches of the Organisation and Management Model;
- enabling constant verification of the Model's functioning and its periodic updating;
- dissemination of a corporate culture based on legality, promoting awareness, training and dissemination among all the Recipients of the Model of the rules of conduct and internal processes and procedures aimed at governance, preventing the commission of Offences and controlling activities at risk, including through an adequate system of communication, dissemination and training on the Model and the Code of Ethics.

### **3.3 Model control principles**

The Organisation and Management Model adopts the following control principles:

- *“Every operation, transaction, action must be: verifiable, documented, consistent and appropriate”*: for each transaction, Azimut guarantees adequate documentary support allowing to perform, at any time, controls that will show the characteristics and reasons for the transaction and identify the individuals who authorised, performed, recorded and verified the transaction. To minimise the risks of destruction or loss, including accidental, of the data, of unauthorised access or processing that is not permitted or does not comply with the law, appropriate security measures are taken, in accordance with the rules laid down in Italian Legislative Decree No. 196 of 30 June 2003 (Personal Data Protection Code);
- *“No one can manage an entire process independently”*: the Company ensures compliance with this principle through the application of the principle of separation of functions and duties, whereby different persons and functions are responsible for authorising a transaction, accounting for it, implementing it and/or controlling it. Furthermore, no one is granted unlimited

powers, powers and responsibilities are established and disseminated within the Company, and authorisation and signatory powers are consistent with organisational responsibilities;

- “*Controls must be documented*”: the Company’s controls system is supported by adequate documentation of the performance of checks and supervision, as well as by an internal breach reporting system.

### **3.4 Structure of the Organisation and Management Model**

Azimut’s Organisation and Management Model and Code of Ethics represent the rules of conduct and ethical-social values that characterise the conduct of Azimut and all Group companies, constituting a single body of rules aimed at disseminating a corporate culture based on legality, high moral principles, fairness, honesty and transparency.

Azimut’s Model is supplemented, in addition to the principles and provisions contained in the Code of Ethics, by the set of processes, protocols and procedures, including unwritten ones, for control within Azimut, including the system of delegations and powers.

The Organisation and Management Model is composed of this “General Section”, which explains the contents of Decree 231, the main features and purposes of the Model itself, the role, composition and duties of the Supervisory Body, the disciplinary system, and the methods of communication and training on the Model itself, and a “Special Section”, which identifies the specific types of Offence, the activities at risk of Offence, and explains the principles of conduct and procedure appropriate to prevent the commission of Offences.

The General Section and the Special Section, together with the Code of Ethics, are an integral part of the Model.

### **3.5 Preparation of the Model**

The preparation of the Model was shared with all the heads of Azimut functions and departments to make them aware of the importance of the project, as well as of the issues related to Decree 231.

The Company has conducted a preliminary analysis of its corporate context, identifying the Sensitive areas and Activities as well as the corporate functions within which Offences could be committed (or attempted). The Offences that could be committed in the internal and external operating context in which the Company operates were then highlighted.

In accordance with the provisions of the Decree, with the Confindustria Guidelines and with the suggestions borrowed from case law, the Company has mapped the risks associated with the Offences (“Risk Mapping”) and in particular identified:

- potential Offences which may be associated with the Company’s business;
- the macro areas of activity at risk of Offences and the more specific Sensitive Activities, i.e.

those in respect of which it is theoretically possible to commit Offences;

- the corporate functions involved in the management of the identified activities;
- the possible methods for committing the Offence or participating in it;
- the level of risk associated with the Offences identified;
- the existing control measures, such as documents, protocols and procedures, including unwritten ones, the ethical principles and principles of conduct associated with the identified Offences, as well as any suggestions for improvements and additions.

For Risk Mapping, account was taken, among other things, of Azimut's history, the corporate context, the sector in which it operates, the powers of attorney and proxies system and the company's organisational structure.

In particular, the mapping of corporate risk areas was analysed with regard to the adequacy of the existing control system to prevent and detect unlawful conduct. Specifically, the adequacy of existing safeguards/controls has been assessed and those that need to be implemented or updated to avert the risk of commission of Offences have been identified.

For each business activity considered "sensitive", the "level" of risk was assessed according to the various components of Azimut's own internal control system, from the existence of rules of conduct to the existence of control and monitoring activities.

### **3.6 Amendments and updating of the Model**

The Model was adopted by Azimut's Board of Directors, which is responsible for any amendments and additions that may be appropriate or necessary, for example following the introduction of new legal provisions or changes in the organisational structure and/or the business context in which the company operates.

Proposals for amendments and additions to the Model may be submitted by the Supervisory Body to the Board of Directors, after consulting the relevant corporate functions.

All the above amendments and additions will be promptly implemented, subject to adaptation, where necessary, by the other Group companies, subsidiaries and affiliates, which have adopted the Model.

### **3.7 Adoption of the Model in other Group companies**

The Model is provided to the other Group companies, which shall adopt, by means of a specific resolution of the Board of Directors, their own organisation and management model under Decree 231, drafted on the basis of this Model and the risk profiles of the activities carried out by the companies themselves, as applicable.



A copy of the model adopted by each Group company, and its updates, shall be provided by the Board of Directors of the company itself to the Chief Executive Officer of Azimut and in any event to Azimut's Supervisory Body.

When adopting the model, the boards of directors of the individual Group companies also simultaneously appoint their own supervisory body.

## **4 THE SUPERVISORY BODY**

In accordance with the provisions of Decree 231, the Company establishes a Supervisory Body, as a body granted autonomous powers of initiative and control, as well as the task of supervising the effectiveness and adequacy of the Model, its operation and compliance with it by the Recipients, as well as ensuring that it is updated.

Azimut, in compliance with the provisions of Decree 231, the Confindustria Guidelines and taking into account the size and organisation of the Company, has opted for a Supervisory Body composed by more than one member and which shall operate as a board.

### **4.1 Appointment and composition of the Supervisory Body**

The members of the Supervisory Body are appointed by the Board of Directors after appropriate verification of the existence of the requirements described below.

The Supervisory Body is composed of three members, who may be re-elected, at least two of whom are external to Azimut<sup>8</sup>, and who meet the requirements of autonomy, independence, continuity of actions, professionalism, and integrity necessary for assuming the office.

In relation to the requirements of autonomy and independence:

- the Supervisory Body has autonomous initiative in the performance of its inspection and control duties;
- the inspection and control activities of the Supervisory Body shall not be subject to any form of interference and/or influence by persons within Azimut or its corporate bodies;
- The Supervisory Body must guarantee its autonomy from any form of interference or influence by any person, belonging to the Company or otherwise;
- the Supervisory Body is in the highest possible hierarchical position with direct reporting to the Board of Directors, and may also report directly to the Statutory Auditors and Shareholders;
- the Supervisory Body, in the performance of its functions, reports directly to the Board of Directors and the activities carried out by the Supervisory Body cannot be examined by any

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<sup>8</sup> Paragraph as amended by Model 231 REV. 1.

other company body or structure;

- the Supervisory Body and its individual members must not hold decision-making, operational and management roles such as to jeopardise the requirements of autonomy and independence, nor take part in decision-making and/or operational activities;
- the members of the Supervisory Body must not be in a position, even potential, of conflict of interest with Azimut or other Group companies;
- the members of the Supervisory Body must not have any relationship of kinship, marriage or affinity up to the fourth degree with members of corporate bodies, persons who hold representative, administrative or management positions at Azimut or one of its organisational structures with financial and functional autonomy, as well as with persons who exercise - even *de facto* - management and control of Azimut, and the auditing firm;
- if the members of the Supervisory Body are persons within the corporate structure, they must hold a suitably high organisational position and, in any case, such that they cannot be regarded as subordinates of executive bodies;
- the Supervisory Body is provided with adequate financial resources for the proper performance of its activities;
- the regulation of the internal functioning of the Supervisory Board is delegated to the same body, which must therefore establish - by means of specific regulations - the provisions relating to the performance of its supervisory functions.

In relation to the requirement of professionalism:

- the members of the Supervisory Body are appointed from among persons with appropriate professionalism in inspection, consultancy, and technical expertise in legal, economic and corporate risk control and management;
- to gain an insight into the structure and the manner in which the Offences are committed, the Supervisory Body may make use of company resources, as well as external resources with expertise in corporate organisation, auditing, accounting and finance, occupational safety or other areas relating to the Offences.

In relation to the requirement of continuity of action:

- the Supervisory Body undertakes to carry out its activities on an ongoing basis, identifying in its regulations the provisions relating to continuity of its actions, such as the scheduling of activities and controls, the minuting of meetings and the regulation of information flows;
- the Supervisory Body undertakes to ensure the effectiveness of the activities carried out, as

well as the traceability and preservation of the documentation relating to the activities carried out (e.g. by means of minutes of meetings, information and periodic reports).

In relation to the requirement of integrity:

- a conviction or plea-bargaining sentence, even if not final, in Italy and abroad, in relation to one or more of the Offences referred to in Decree 231, or the conviction, even if not final, with a penalty of disqualification, even temporary, from public offices, or temporary disqualification from the executive offices of legal persons constitutes grounds of ineligibility and incompatibility for holding office .

The Board of Directors assesses the continued fulfilment of the above requirements and operation of the Supervisory Body's activities.

When appointing the Supervisory Body, the Board of Directors appoints its Chairperson. Where the number of members of the Supervisory Body is less than the maximum number provided for, the Board of Directors may increase the number of members during the term of office of the Supervisory Body itself; the appointments of the new members shall expire together with those in office at the time of their appointment.

#### **4.2 Term and Termination of Office**

The Supervisory Body remains in office for three financial years.

Upon expiry of the term, the Supervisory Body continues to perform its functions until a new Supervisory Body is appointed by the Board of Directors. Termination of office may also occur by resignation, disqualification, dismissal or death.

The members of the Supervisory Body may resign from their office at any time by notifying the Board of Directors and the Supervisory Body in writing, so that they may be promptly replaced.

The members of the Supervisory Body cease to hold office, before the expiry of the term provided for, if they no longer meet the requirements to hold office. The members of the Supervisory Body are obliged to inform the Board of Directors promptly if they no longer meet the requirements to perform the function.

The members of the Supervisory Body may be dismissed for just cause, by means of resolution of the Board of Directors, having consulted the Board of Statutory Auditors.

In the case of an internal member, any termination of the employment relationship between the member of the Supervisory Body and Azimut normally entails dismissal from office.

The dismissal from office of a member of the Supervisory Body may be requested to the Board of Directors by the Supervisory Body itself, giving reasons for the request.

In the event of resignation, disqualification, dismissal or death, the Board of Directors shall replace the member of the Supervisory Body who has ceased to hold office, after consulting the Board of Statutory Auditors. The members of the Supervisory Body thus appointed remain in office for the remaining term of the Supervisory Body. However, if the prerequisites are met and subject to appropriate evaluations, the Board of Directors may decide not to replace the person who has resigned/been disqualified/dismissed or, in any case, ceased to hold office and to reduce the number of members of the Supervisory Body, in any case in compliance with the minimum number provided for the composition of the Supervisory Body.

#### **4.3 Functions, activities and powers of the Supervisory Board**

To ensure the operation of and compliance with the Organisation and Management Model, the Supervisory Body is granted all the powers necessary to perform its duties, and in particular to:

- supervise the operation and effectiveness of the Model, to ensure consistency between the actual conduct and the principles of conduct set out in the Model itself and in the Code of Ethics;
- examine the adequacy of the Model, meaning verifying that it is actually capable of preventing, impeding and safeguarding against prohibited conduct;
- monitor the compliance with and effective implementation of the Organisation and Management Model, as well as the procedural principles and principles of conduct provided therein, verifying the conformity of the conduct adopted with the provisions of the Organisation and Management Model and detecting any deviations and/or breaches;
- ensure the updating of the Risk Mapping and the Model, with the cooperation of the corporate functions involved;
- periodically examine and verify the above, and in particular the soundness and functionality of the Organisation and Management Model and, where necessary, formulate proposals for its adaptation and updating to the functions involved and to the Board of Directors;
- verify the actual implementation of the proposals made and their functionality;
- monitor and, with the cooperation of the relevant corporate functions, promote initiatives appropriate for the dissemination, awareness and understanding of the Organisation and Management Model;
- prepare the documentation necessary for the actual implementation of the Model containing, where necessary, instructions, clarification or updates;
- request information or documents concerning Sensitive Activities, where necessary, from all the Recipients of the Model;

- make use of all corporate functions, as well as external consultants, for the better monitoring of activities in the areas at risk of Offence. For these purposes the Supervisory Body is kept constantly informed of the development of activities in the areas at risk and has free access to all relevant company documentation available in all Company departments;
- coordinate with the heads of the company departments concerned for the various aspects relating to the implementation of the Organisation and Management Model; including awareness of and compliance with procedures, personnel training, disciplinary measures;
- activate the control procedures laid down for the individual areas at risk of Offence;
- carry out periodic inspections, with the help of the corporate functions, within the areas at risk, to verify effective compliance with the existing procedures and other control systems;
- conduct internal investigations into alleged breaches of the requirements of the Organisation and Management Model;
- receive reports in relation to any critical aspects of the Model, breaches thereof and/or any situation that may expose the Company at risk of Offence;
- collect, process and store (in an up-to-date archive) the documentation concerning the activities carried out and, in particular, the information gathered in the performance of supervisory activities, and the documentation evidencing the meetings with the corporate bodies to which the Supervisory Body reports;
- provide recommendations to the functions responsible for drafting new procedures and adopting other measures of an organisational nature and for modifying the procedures and measures already applied;
- promptly report to the Board of Directors, for the adoption of appropriate measures, any ascertained breaches of the Organisation and Management Model that may give rise to a liability for the Company under Decree 231.

To carry out the supervisory functions assigned to it, the Supervisory Body determines its annual budget, which is submitted to the Board of Directors for approval. The Supervisory Body may avail itself, under its direct supervision and responsibility, of the assistance of all the company's structures, or, if necessary, of external consultants.

The Supervisory Body is required to report the results of its activities, on an ongoing basis, to the Chief Executive Officer and, periodically, to the Board of Directors and the Board of Statutory Auditors.

The Supervisory Body shall, at least once every six months, draw up a written information report to the Board of Directors describing:

- the activity carried out during the reporting period and the results of the checks and controls;
- the reports received concerning possible breaches of the Model and the outcome of verifications carried out in relation to the aforementioned reports;
- any disciplinary procedures activated as well as any sanctions applied;
- its assessment of the functioning of the Organisation and Management Model at Azimut;
- expenditure incurred in carrying out its duties.

This report must be also sent to the Board of Statutory Auditors.

The Supervisory Body must draw up its own internal rules, regulating the main aspects and methods of the exercise of its activities, such as the determination of the time intervals of the controls, the identification of the criteria and procedures for analysis and verification.

As far as the scheduling of meetings is concerned, the rules shall provide that the Supervisory Body shall meet at least three times a year, and in any case whenever necessary to perform the tasks described herein.

#### **4.4 Information flows to the Supervisory Body<sup>9</sup>**

The Supervisory Body has free access to all Azimut functions, without the need for any prior consent, in order to acquire any information or data considered necessary for the performance of its duties under Decree 231.

The corporate functions at risk of Offences are required to send the Supervisory Body the periodic results of the control activities they have carried out to implement the Organisation and Management Model, as well as to report any anomalies or untypicalities found in the information available.

Employees and members of corporate bodies are required to send the Supervisory Body, information on, without limitation:

- measures and/or information from law enforcement agencies, or from any other Authority, from which it can be inferred that investigations have been carried out for Offences referred to in Decree 231, including against unknown persons;
- requests for legal assistance made by Employees against whom a Judicial Authority is proceeding for Offences under Decree 231;
- enquiry commissions or internal reports from which liability for Offences under Decree 231 emerges;

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<sup>9</sup> Chapter as amended by Model 231 REV. 3.

- information on the actual implementation, at all levels of the Company, of the Organisation and Management Model, with evidence of the disciplinary procedures carried out and any sanctions imposed, or of the measures taken to conclude such procedures with the related reasons;
- the results of controls, whether prior or subsequent to the relevant award, which were carried out during the reference period on contracts awarded to market operators following national or European tenders or by negotiated procedures with selected enterprises;
- the results of the monitoring and checks already carried out in the reporting period on contracts awarded by public entities or entities performing public utility functions;
- decisions concerning the application for, disbursement and use of any public funding.

The Supervisory Body must also receive a copy of the periodic reports on health and safety at work.

All information must be sent to the Supervisory Body using the appropriate email address [odv@azimutbenettigroup.com](mailto:odv@azimutbenettigroup.com) or by ordinary mail to the address: Organismo di Vigilanza, Azimut Benetti Spa, Via Michele Coppino 104, 55049, Viareggio (LU) – Italia.

#### **4.5 Reporting<sup>10</sup>**

Employees, corporate bodies and Independent Contractors who wish to send the Supervisory Body reports of the commission of offences, breaches of the Organisation and Management Model and/or of the Code of Ethics must comply with the provisions contained in the “Procedure for the management of reports of offences”. Upon receipt of the report, the Supervisory Body takes action in compliance with the requirements set out in the aforementioned procedure.

Retaliation or discrimination, direct or indirect, against the whistleblower for reasons related, directly or indirectly, to the report are prohibited.

Discriminatory measures against whistleblowers under Article 6, paragraph 2-*bis* of the Decree may be reported to the National Labour Inspectorate, for measures falling within its competence, not only by the whistleblower, but also by any trade union indicated by the whistleblower.

Retaliatory or discriminatory dismissal of the whistleblower is null and void. A change of duties within the meaning of Article 2103 of the Italian Civil Code is also null and void, as are any other retaliatory or discriminatory measures taken against the whistleblower, as set out in more detail in Article 5.7 of the Model.

#### **4.6 Relationship between the Supervisory Body and other Group companies**

Azimut’s Supervisory Body, while respecting the autonomy and independence of the other Group companies and the limits imposed by applicable legal provisions, is responsible for:

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<sup>10</sup> Chapter inserted with update of Model 231 REV. 3.

- promoting the communication, dissemination and awareness by the other Group companies of the Model and of the methodology and tools for its implementation;
- acting as a driving force to ensure coordination with regard to verification and controls as well as the application of the Model;
- proposing, on the basis of the above checks, the updating of the Model where there is a need to do so;
- assisting the supervisory body of the other Group companies in identifying particular controls in the areas of activity with Offence risk, without prejudice to the primary duty of the supervisory bodies of the individual companies to check the activities in question of the individual companies themselves.

The supervisory bodies of the other Group companies are obliged to provide any information requested and/or considered appropriate, in response to requests to that effect by Azimut's Supervisory Body or on the occurrence of events or circumstances relevant to the performance of the activities falling within the remit of the Company's Supervisory Body.

## **5 SCOPE, COMMUNICATION AND TRAINING**

Azimut recognises the importance of the dissemination and communication of the Organisation and Management Model, as well as the training of employees for the correct and effective functioning of the Model. The Company also undertakes to disseminate this Organisation and Management Model and the principles underlying it by the means considered most appropriate.

The Model, Code of Ethics, and application protocols are made available to Employees and can be consulted both through IT tools, including the company intranet, and in paper version.

All Recipients of the Model are required to be familiar with its contents, to comply with it and to contribute to its effective implementation.

To ensure the proper functioning of the Organisation and Management Model, its communication to the Recipients shall be widespread, effective, authoritative, clear and detailed, as well as periodically repeated.

The dissemination, communication and training activities towards Employees requires the carrying out of compulsory training programmes targeted in relation to the corporate functions involved and the personnel concerned and according to the activity and position held, taking into account the processes and activities at risk of Offence.

The training courses provided for Employees are compulsory and are held periodically. Training is provided through classroom sessions and through e-learning courses. Employees are subject to



intermediate and final tests to verify the level of learning of the contents of the training courses. A monitoring system is in place to verify the participation in training by Employees, with consequent corrective action in the event of anomalous conduct. There shall be frequency and quality controls on the content of the programmes as well as the systematic updating of the content of training events due to the updating of the Model.

The training programmes on the subject of liability under Decree 231 and on the contents of the Model are supervised by the Supervisory Body, which, where necessary, may make use of the operational support of the competent corporate functions or external consultants.

## **6 PROPOSED AMENDMENT PROVIDED BY THE HUMAN RESOURCES DEPARTMENT**

### **6.1 Purpose of the disciplinary system**

For the purposes of the effective implementation of the Model and the Code of Ethics, Azimut has adopted an appropriate system of sanctions to be applied to the Model's Recipients (in compliance with Article 6, second paragraph 2, letter e) of Decree 231).

In particular, the Confindustria Guidelines specify that the exercise of disciplinary power must comply with the principles of proportionality, in the sense that the sanction must be commensurate with the seriousness of the alleged offence, and the right to be heard, in the sense that the person concerned must be given the opportunity to justify his or her conduct.

The activation of the sanction mechanism [under the disciplinary system], in the event of non-compliance with the measures laid down in the Model and the Code of Ethics, is irrespective of any criminal proceedings for the Offence that may have been committed.

The disciplinary system, operating as an internal check within the Company, has an essentially preventive function in that it complements and renders effective the Model to prevent Offences from being committed instead of sanctioning them when they have already been committed.

Azimut condemns any conduct that is unlawful, illegal or otherwise in breach of the Code of Ethics and the Organisation and Management Model, including if carried out in the interest or to the advantage of the Company.

The disciplinary system is intended to operate in compliance with the rules in force, including, where applicable, those laid down in collective bargaining agreements, and is purely internal to the Company, since it cannot be considered a substitute for, but rather an addition to, the laws or regulations in force.

The application of the disciplinary system is independent of the conduct and outcome of any proceedings initiated before the competent Authority.

The Supervisory Body monitors, in consultation with the Human Resources Department, the application

of disciplinary sanctions. The provisions of the disciplinary system do not preclude the recipients from exercising all the rights, including challenging or objecting to the disciplinary measure, granted to them by law or regulation, as well as by collective bargaining and/or company regulations.

This disciplinary system, in addition to being provided, including electronically or on IT support, to the persons indicated in the following paragraphs, as well as published on the company's Internet and intranet sites, is displayed at the company's headquarters, in a place accessible to all, so as to ensure that the Recipients, and in particular, Employees are fully aware of it.

## 6.2 System of sanctions against Employees

Without prejudice to the provisions of Article 7, Italian Law No. 300 of 1970 (hereinafter, the "**Workers' Statute**"), as well as Articles 52, 53 and 54 of the national collective bargaining agreement (*contratto collettivo nazionale di lavoro*, "CCNL") for employees working in the rubber, electric cables and similar industries and in the plastics industry (hereinafter, the "**CCNL - Rubber and Plastics Industry**") applied at the Avigliana, Savona, Varazze and Fano sites and Articles 7, 8, 9, 10 and 11, Section IV, Title VII of the national collective bargaining agreement for employees working in the private sector metalworking industry (hereinafter, the "**CCNL - Metalworking Industry**"), applied at the Viareggio and Livorno sites, in the event of breach of the Model or the Code of Ethics as well as of the implementing procedures and protocols and of the other regulatory, contractual (individual and collective) and company provisions (hereinafter, the "**Other Relevant Provisions**"), the following disciplinary measures apply, which will be taken by the Company depending on the extent of the misconduct and the circumstances surrounding it.

In particular, the disciplinary sanctions provided for in the applicable CCNLs are as follows:

- verbal warning;
- written warning;
- fine not exceeding the amount of three hours' pay calculated under Article 19 of the CCNL - Rubber and Plastics Industry and under Article 3, Section IV, Title IV of the CCNL - Metalworking Industry;
- suspension from work without pay for a maximum of three days;
- disciplinary dismissal without notice and other reasonable and legal consequences.

### Verbal Warning

The disciplinary measure of a verbal warning will be adopted for minor breaches of the Model, the Code of Ethics and/or the Other Relevant Provisions.

### Written Warning

The disciplinary measure of a written warning will be adopted in the event of repeated minor infringements of the Model, the Code of Ethics and/or the Other Relevant Provisions.

### Fine

The disciplinary measure of a fine shall be taken against an Employee who engages in the conducts detailed below.

For workers to whom the CCNL - Rubber and Plastics Industry applies, in cases where the worker:

- fails to report to work as provided for in Article 50 or leaves his or her place of work without a justified reason;
- is late in starting work or stops it, or ceases it early without notifying the line manager or without a justified reason;
- negligently performs the work entrusted to him or her; this also includes non-serious breaches of the Model, the Code of Ethics and/or the Other Relevant Provisions, such as actions or conduct that do not fully comply with the requirements of the Model, the Code of Ethics and/or the Other Relevant Provisions, or the partial omission of actions or conduct required by the Model, the Code of Ethics and/or Other Relevant Provisions, provided that such conduct (i) does not expose Azimut to an objective situation of risk of commission of one of the Offences, and/or (ii) is not unequivocally directed towards the commission of one or more Offences, and/or (iii) is not suitable to lead to the application against Azimut of sanctions provided for in Decree 231 and/or (iv) is not suitable to cause damage to the Company's reputation and good name;
- breaches the ban on smoking, expressly warned against with a special sign, where technical and safety reasons dictate such a ban;
- builds, within the company's workshops, objects for his or her own use, to the minor detriment of the company;
- as a result of carelessness, causes non-serious breakdowns or non-serious wastage of company material; who does not immediately inform his or her line managers of any machinery breakdowns or irregularities in the course of work;
- applies insufficient diligence in the use and storage of individual and department equipment;<sup>11</sup>
- makes irregular entries or stamps or other alterations to company control or attendance systems;

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<sup>11</sup> Paragraph inserted by update of Model 231 approved by resolution of the Board of Directors on 10 February 2017 (hereinafter "REV. 2").

- infringes the rules of this Model, internal regulations or if his or her misconduct is detrimental to discipline, morals or hygiene;
- is clearly drunk.

For workers to whom the CCNL - Metalworking Industry applies, in cases where the worker:

- fails to report for work or leaves his or her place of work without justification, or fails to justify his or her absence by the day following that on which the absence begins, except in the case of a justified impediment;
- is late in starting work or stops it, or ceases it early without a justified reason;
- commits minor insubordination towards line managers;
- performs the work entrusted to him or her negligently, or deliberately slowly; this also includes non-serious breaches of the Model, the Code of Ethics and/or the Other Relevant Provisions, such as actions or conduct that do not fully comply with the requirements of the Model, the Code of Ethics and/or the Other Relevant Provisions, or the partial omission of action or conduct required by the Model, the Code of Ethics and/or Other Relevant Provisions, provided that such conduct does not (i) expose Azimut to an objective situation of risk of commission of one of the Offences, and/or (ii) is unequivocally directed towards the commission of one or more Offences, and/or (iii) is such as to lead to the application against Azimut of sanctions provided for in Decree 231 and/or (iv) is such as to cause damage to the Company's reputation and good name;
- through carelessness or negligence, damages plant equipment or work in progress;
- is found in a state of clear drunkenness during working hours;
- outside the company performs, for third parties, work pertaining to the company itself;
- breaches the ban on smoking, where such a ban exists and is indicated by an appropriate sign;
- carries out minor works in the company's workshop on his own account or on behalf of third parties, outside working hours and without removal of company material, using company equipment;
- otherwise breaches the applicable CCNL or in case if his or her misconduct is detrimental to discipline, morals, hygiene and safety.

#### Loss of pay and suspension from work

The disciplinary measure of loss of pay and suspension from service shall be taken against an Employee who engages in the same conduct listed for the imposition a fine but in a more serious,

manner.

### Disciplinary dismissal

The disciplinary measure of dismissal shall be taken against any Employee who commits the misconducts listed below.

For workers to whom the CCNL - Rubber and Plastics Industry applies, dismissal with immediate termination of employment may be imposed, with loss of pay in lieu of notice, on an employee who commits serious breaches of discipline or diligence at work or who causes serious moral or material damage to the company, or who commits criminal acts in connection with the performance of the employment relationship. By way of example, the following breaches fall under this provision:

- unjustified absences of more than five consecutive days or repeated absences five times in a year on days following holidays or public holidays;
- repeated infringement of the ban on smoking referred to in Article 53, paragraph d), provided that the infringement does not constitute a serious negligent conduct which may lead to accidents;
- non-compliance with the ban on smoking when such an infringement is seriously negligent because it is likely to cause accidents to persons, systems or materials;
- being sentenced to a term of imprisonment imposed on the worker by a final judgment, including under Article 444 of the Italian Code of Criminal Procedure (plea bargaining), for an act committed not in connection with the performance of the employment relationship;
- leaving his or her place of work in such a way as to endanger the safety of persons and the safety of the systems, or in any case carrying out actions that give rise to the same dangers;
- serious damage caused by negligence to the company's equipment;
- theft of or deliberate damage to company equipment;
- theft of cards, machine drawings, tools or other material illustrating patents and manufacturing processes;
- argumentative exchange, followed by an altercation, within the site grounds and which causes serious disruption to company life;
- construction, within the company's workshops, of projects for his or her own use or for third parties, to the detriment of the company;
- repeat offending by someone who, as a result of carelessness, causes non-serious breakdowns or non-serious wastage of company material; who does not immediately inform his or her

immediate line managers of any machinery breakdowns or irregularities in the course of work;

- failure to fulfil contractual obligations and internal regulations, when the disciplinary measures of a fine and suspension have already been imposed;
- serious breach of the worker's obligations of diligence set out in Article 51 of the CCNL - Rubber and Plastics Industry, also including the following:
- actions or conduct that do not comply with the requirements of the Model, the Code of Ethics and/or the Other Relevant Provisions, or the omission of actions or conduct required by the Model, the Code of Ethics and/or the Other Relevant Provisions;
- failure to comply with the Model, the Code of Ethics and/or Other Relevant Provisions, including the obligation to provide information to the Supervisory Body set out in the Model, that (i) exposes Azimut to an objective situation of risk of commission of one of the Offences, and/or (ii) is unequivocally directed towards the commission of one or more Offences, and/or (iii) is such as to lead to the application against Azimut of sanctions provided for in Decree 231 and/or (iv) is such as to cause damage to the Company's reputation and good name.
- repeat offending by someone who applies insufficient diligence in the use and storage, of failure to store, individual and department company equipment<sup>12</sup>.

For workers to whom the CCNL - Metalworking Industry applies, dismissal may be imposed:

- a) with notice in cases where the employee commits:
- insubordination to line managers;
  - significant damage due to negligence to plant equipment or work in progress;
  - carrying out work in the company for his or her own account or on behalf of third parties without permission, being minor work without using company material;
  - fighting in the factory outside the manufacturing departments;
  - leaving his or her place of work by personnel specifically entrusted with supervisory, custodial or control duties, except in cases where dismissal without notice is provided for;
  - unjustified absences of more than four consecutive days or repeated absences three times in a year on days following holidays or public holidays;
  - being sentenced to a term of imprisonment imposed on the worker by a final judgment, for an

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<sup>12</sup> Paragraph added with update of Model 231 REV. 2.

act committed not in connection with the performance of the employment relationship, which damages the worker's integrity;

- repetition of any of the breaches covered by minor measures, when two suspension measures have been imposed, unless more than two years have elapsed since their imposition;
- b) without notice in cases where the worker causes serious moral or material harm to the company or performs, in connection with the performance of the employment relationship, actions constituting an offence under the law. By way of example, the following fall within the breaches mentioned above:
  - serious insubordination to line managers;
  - theft from the company;
  - theft of sketches or drawings of machines and tools or other objects, or company documents;
  - wilful damage to company equipment or work in progress;
  - leaving his or her place of work in such a way as to endanger the safety of persons and the safety of the systems, or in any case carrying out actions that give rise to the same dangers;
  - smoking where this may endanger the safety of persons or the safety of systems;
  - carrying out work in the company for his or her own account or on behalf of third parties without permission that is not minor and/or using company material;
  - fighting in the manufacturing departments;
  - serious breach of the worker's diligence obligations as set out in Article 1, Section IV, Title VII of the CCNL - Metalworking Industry, which also means: actions or conduct that do not comply with the requirements of the Model, the Code of Ethics and/or the Other Relevant Provisions, or the omission of actions or conduct required by the Model, the Code of Ethics and/or the Other Relevant Provisions;
  - failure to comply with the Model, the Code of Ethics and/or Other Relevant Provisions, including the obligation to provide information to the Supervisory Body set out in the Model, that (i) exposes Azimut to an objective situation of risk of commission of one of the Offences, and/or (ii) is unequivocally directed towards the commission of one or more Offences, and/or (iii) is such as to lead to the application against Azimut of sanctions provided for in Decree 231 and/or (iv) is such as to cause damage to the Company's reputation and good name.

Once the disciplinary measure can no longer be challenged by the Employee by means of the procedure provided for in Article 7 of the Workers' Statute or by means of the procedure provided for in the CCNL,

or whenever there is a closure of the opened disciplinary procedure, the Head of Human Resources communicates the imposition of the sanction with the relevant reasons to the Supervisory Body.

### **6.3 Sanctions against managers**

Upon receiving notice of a breach of the Model, as well as inadequate supervision and/or failure to promptly inform the competent body of breaches committed by subordinates, the Company shall adopt against the perpetrator of the violation the provisions of the applicable law and contract, including temporary suspension and, for the most serious violations, disqualification from or revocation of any corporate office held by the person concerned. If the breach of the Model is such as to break the relationship of trust, the sanction is dismissal for just cause.

### **6.4 Sanctions against members of corporate bodies**

With reference to members of corporate bodies:

- actions or conduct that do not comply with the requirements of the Model, the Code of Ethics and/or the Other Relevant Provisions, or the omission of actions or conduct required by the Model, the Code of Ethics and/or the Other Relevant Provisions; and
- failure to comply with the Model, the Code of Ethics and/or Other Relevant Provisions, including the obligation to provide information to the Supervisory Body set out in the Model, that (i) exposes Azimut to an objective situation of risk of commission of one of the Offences, and/or (ii) is unequivocally directed towards the commission of one or more Offences, and/or (iii) is such as to lead to the application against Azimut of sanctions provided for in Decree 231,

shall constitute just cause for dismissal under Article 2383, paragraph 3 (in the case of directors) and Article 2400, paragraph 2 (in the case of statutory auditors) of the Italian Civil Code.

From a procedural point of view:

- where one or more of the members of the Board of Directors commit one of the above-mentioned breaches, the Supervisory Body notifies the Board of Statutory Auditors, the Chairperson of the Board of Directors and the Chief Executive Officer of the breach committed by one or more members of the Board of Directors. The Board of Directors, with the abstention of the person involved, proceeds with the necessary investigations and takes, after consulting the Board of Statutory Auditors, the appropriate measures, which may include the precautionary removal of the delegated powers, as well as convening the Shareholders' Meeting to approve, if necessary, dismissal from office under Article 2383, paragraph 3 of the Italian Civil Code;
- where one or more of the members of the Board of Statutory Auditors commit one of the above-mentioned breaches, insofar as applicable, the Supervisory Body notifies the Chairperson of the Board of Directors and the Chief Executive Officer of the breach committed by one or more



members of the Board of Statutory Auditors.

The Board of Directors shall urgently convene the Shareholders' Meeting to approve, if necessary, dismissal from office under Article 2400, paragraph 2, of the Italian Civil Code.

## **6.5 Sanctions against auditors**

Upon receiving notice of breaches of the Organisation and Management Model (to the extent applicable) by the auditors, the Supervisory Body is required to promptly inform the Board of Directors and the Board of Statutory Auditors for the adoption of the appropriate measures, including, for example, convening the Shareholders' Meeting to adopt the most suitable measures.

## **6.6 Sanctions against Independent Contractors**

Taking into account the circumstances of the case, in the event of non-compliance with and/or breach of the Code of Ethics and/or the Organisation and Management Model by Independent Contractors, Azimut may invoke the breach of contractual obligations, up to and including the termination of the contract; in any case, the Company shall have the right to claim damages, in accordance with the provisions of the specific contractual clauses relevant to Decree 231.

## **6.7 Disciplinary sanctions under the Whistleblowing Law<sup>13</sup>**

The Whistleblowing Law provides for disciplinary sanctions, in accordance with the provisions of paragraphs 5.2 *et seq.* of the Model, against persons who:

- breach the prohibition on retaliation or discrimination against the whistleblower for reasons, directly or indirectly, related to the report;
- make wilful or grossly negligent reports that turn out to be unfounded.

Discriminatory measures against *whistleblowers* can be reported to the Italian National Anti-Corruption Authority (*Autorità Nazionale Anticorruzione*, "ANAC") or to the competent Authorities.

Retaliatory or discriminatory dismissal of the whistleblower is null and void. A change of duties within the meaning of Article 2103 of the Italian Civil Code is also null and void, as are any other retaliatory or discriminatory measures taken against the whistleblower. In the event of disputes relating to the imposition of disciplinary sanctions, or to demotions, dismissals, transfers, or the application to the whistleblower of any other organisational measure with a direct or indirect adverse effect on working conditions after the submission of the report, the burden of proof is on the Company, as employer, to demonstrate that such measures are based on reasons unrelated to the report.

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<sup>13</sup> Chapter inserted with update of Model 231 REV. 3 and amended by update of Model 231 REV. 5.