ORGANISATION, MANAGEMENT, AND CONTROL MODEL
UNDER LEGISLATIVE DECREE 231/2001

Approved by the Board of Directors of Ferretti SpA on 31 July 2019

Document updates approved by the Board of Directors on December 6th, 2022

1. LEGISLATIVE DECREE NO. 231 OF 8 JUNE 2001

With Legislative Decree No. 231 of 8 June 2001, providing for «*Regulations regarding the administrative liability of legal persons, corporations, and associations, including without legal personality, pursuant to Article 11 of Law No. 300 of 29 September 2000*» (hereinafter simply the "Decree"), entered into force on 4 July 2001, the Legislator introduced into Italian law the administrative liability of legal persons, implementing international agreements long since signed by Italy, and particularly

- the Brussels Convention of 26 July 1995 on the protection of the European Communities' financial interests;
- the Brussels Convention of 26 May 1997 on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union;
- the OECD Convention of 17 December 1997 on Combating Bribery of Foreign Public Officials in International Business Transactions;

Legislative Decree 231/2001 thus introduced a regime of administrative liability - comparable in fact to criminal liability ([1])- of legal persons (hereinafter, "companies"), as an addition to the liability of natural persons - material authors of specific unlawful acts -, aimed at involving, in the punishment for such acts, the companies in the interest or to the advantage of whom the underlying crimes were committed.

The liability provided for in the Decree applies also with respect to crimes committed abroad for entities who have their principal place of business within the Italian territory, as long as the State in which the crime is committed takes action against such crimes (Article 4).

An entity may be held liable even where the person who materially committed the crime is not identified or cannot be charged, and even where the crime itself is extinguished with respect to the guilty party for a reason other than amnesty.

The administrative penalties applicable to entities are subject to a limitation period, unless such limitation period is interrupted, of 5 years starting on the date in which the crime is committed (Article 22).

1.1. Principle of Lawfulness

The liability of an entity arises within the limitations prescribed by law: the entity «*may not be deemed liable for an event which constitutes a crime if its criminal liability with respect to such crime, and the relative penalties, are not expressly laid down by a law which has entered into force prior to the time when such crime was committed*» (Article 2).

1.2. Objective Criteria for the Imputation of Liability

There are three objective criteria for the imputation of liability under Legislative Decree 231/2001:

([1]) The "criminal" nature of this liability can be surmised from four elements: 1) it arises out of a crime, meaning that the criminal act that constitutes the underlying crime for which the penalty is imposed; 2) it is established through the criminal proceedings guarantees and by a criminal court; 3) it entails the application of criminal penalties (financial penalties and disqualifying penalties; 4) the role of fault and negligence is central, where the principle of fault is applied.

a) the realisation of a crime established within the scope of the Decree, from Article 24 to Article 25*duodevicies*.

b) the crime must have been committed «*in the interest or to the advantage of the entity*» (Article 5, paragraph 1);

c) the criminal offence must be perpetrated by one or more qualified persons, meaning «*persons who hold representation, administrative, or management roles within the entity or one of its organisational units with financial and functional autonomy*», or by persons who «*exercise, including on a de facto basis, the management and control*» over the entity (also known as "senior management"); or, again, «*by persons who are subject to the management or oversight of one of the members of the senior management*» (also referred to as "subordinates") (Article 5, paragraph 1, letters a and b).

Interest or Advantage

We should observe that interest and advantage are different and mutually alternative legal concepts; therefore, a conduct may be motivated by interest without providing any advantages to the entity, or, alternatively, it may bring an exclusive advantage to the entity on account of a wholly disinterested conduct by the offender.

As to the meaning of the terms "*interest*" and "*advantage*", the government Report that accompanies the Decree gives the former term a markedly subjective implication, liable to be subject to an *ex ante* assessment - i.e., directed to a benefit -, whereas the latter term is given a markedly objective implication - i.e., it is driven by the actual results of the conduct of the offender, who, though not aiming directly at an interest for the entity, still brought about, through their conduct, an advantage to the entity itself, liable to be subject to an *ex post* assessment.

The essential traits of interest are identified as its <u>objectivity</u>, meaning that the conduct is unrelated to the personal psychological persuasions of the offender and its correlated necessary rooting in external elements which are likely to be verified of any observer; <u>concrete elements</u>, whereby such interest is hinged upon relationships which are not merely hypothetical or abstract, but are existent in point of fact, to protect the principle of harmfulness; its <u>existence</u>, meaning that interest must objectively exist and be recognizable at the time in which the event is recognised, and must not be future and uncertain, as otherwise the element of damage to a protected good - necessary for an action to be deemed unlawful and not a mere danger - would be lacking; and lastly, the fact that <u>economic relevance is not required</u>, as long as such action can be ascribed to a business strategy.

Interest, therefore, can be attributed to two types of unlawful conducts. The first occurs when a criminal offence is committed within the scope of a business strategy aimed at drawing as much benefit as possible through unlawful means: in this case, the criminal offence falls within a company's business rationale. The second type of unlawful conduct occurs when an entity is established for the very purpose of committing crimes (i.e., a criminal organisation): in this case, there will no longer be a distinction between lawful and unlawful actions, but simply a business organisation which activity is aimed at obtaining as much profit as possible through unlawful purposes.

Advantage, on the other hand, is meant as any objectively observable economic benefit which can be ascribed to an Entity, and it can either be <u>direct</u>, meaning that it is exclusively ascribable to the Entity;

indirect, meaning that it goes through the intermediate step of results caused to be acquired by third parties, which are likely to produce positive outcomes for the Entity; or economic, even when such economic advantage is not necessarily immediate.

The interest or advantage of the Entity are further examined based on the Entity's liability even when there are coexisting interests or advantages for the offender or third parties. Conversely, an entity is not held liable when the person in a qualified position within the Entity, who commits the crime, has an exclusive interest in the commission thereof.

However, given that the law affords no exemption when the "*advantage*" arising out of the commission of a crime is obtained exclusively by the offender or third parties - as such exemption is afforded only when such offender or third parties have an exclusive interest in such action - an entity is found liable even when it draws no advantages or when the advantage is obtained exclusively by the offender or by third parties, as long as the entity has an interest - even when it is aligned with the interest of third parties - in the commission of the crime perpetrated by persons in qualified positions within the Entity's organisation.

1.3. Subjective Criteria for the Imputation of Liability

The subjective criteria for the imputation of liability arises when the crime expresses a connotative course of action of an Entity's business strategy, or when it arises out of any organisational shortcomings.

The provisions of the Decree exclude the liability of an Entity when - prior to the commission of the crime - the latter adopted and effectively implemented a «*management and organisational model*» (hereinafter simply a "model") that is suitable to prevent the commission crimes that fall within the same category as the crime committed (Article 6).

In this respect, the liability of the Entity arises out of a «*failure to adopt or failure to comply with due standards*» pertaining to the organisation and the activity of the Entity; this failure is due either to the Entity's business strategy or to structural and formal shortcomings in the company's organisation.

In order to be exempted from liability, an Entity must also have entrusted the task of overseeing the operation of and compliance with the model, and of curating the updating thereof, to a body vested with powers of initiative and control - *Supervisory Body or SB*.

Lastly, an Entity is not found liable where the offenders have *fraudulently circumvented the organisational and management model*.

1.4. Types of Crimes Addressed in the Decree

The Decree currently lists the following categories of crimes[2]:

[2] For a more in-depth analysis of each single category of crimes listed in the Decree, please see Annex 5, which provides information pertaining to each.

- Undue receipt of payments; fraud to the detriment of the State or a public entity or the European Union, or perpetrated to obtain public payments; computer fraud against the State or a public entity, and fraud in public procurement (Article 24[3]);
- Cybercrimes and unlawful processing of data (Article 24 --*bis*)
- Organised crime (Article 24-*ter*);
- embezzlement, malfeasance in office, undue inducement to give or promise items of value, corruption and abuse of office (Article 25[4]);
- Forgery of money, money values having legal tender or revenue stamps and instruments or distinctive signs (Article 25-*bis*);
- Crimes against industry and commerce (Article 25-*bis*.1);
- Corporate crimes (Article 25-*ter*);
- felonies committed for purposes of terrorism or designed to subvert democracy (Article 25-*quater*);
- Practices of female genital mutilation (Article 25-*quater* 1);
- Crimes against individuals (Article 25-*quinquies*);
- Market abuse (Article 25-*sexies*);
- Manslaughter or serious or grievous bodily harm committed with breach of laws governing the safeguarding of workplace health and safety (Article 25-*septies*);
- Handling of stolen goods, money laundering and using money, assets, or items of value of unlawful origin (Article 25-*octies*)[5];
- Crimes concerning payment instruments other than cash, Article 25-*octies.1*[6];
- Felonies regarding the infringement of copyright (Article 25-*novies*);

[3] Article modified by Legislative Decree 75/2020, which implemented Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law (known as "PIF Directive").

[4] Article modified by Legislative Decree 75/2020, which implemented Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law (known as "PIF Directive").

[5]The conduct that characterise these crimes were modified by Legislative Decree No. 195 of 8 November 2021, implementing Directive (EU) 2018/1673 on combating money laundering by criminal law.

[6] Article introduced by Legislative Decree No. 184 "Implementing Directive (EU) 20019/713 of the European Parliament and of the Council of 17 April 2019 on combating fraud and counterfeiting of non-cash means of payment and replacing Council Framework Decision 2001/413/JHA".

- Inducement to not make statements or to make false statements before the Judicial Authority (Article 25-*decies*);
- Environmental crimes (Article 25-*undecies*);
- Employment of third-party nationals whose stay is illegal (Article 25-*duodecies*);
- Racism and xenophobia (Article 25-*terdecies*);
- Fraud in sports competitions, illegal operation of gaming or betting or gambling activities through banned devices (Article 25-*quarterdecies*);
- Tax crimes (Article 25-*quinquiesdecies*);
- Smuggling (Article 25 -*sexiesdecies*);(art. 25-*sexiesdecies*)[7];
- Crimes against cultural heritage (Article 25-*septisdecies*)[8];
- Unlawful trafficking of cultural assets and destruction and looting of cultural heritage and landscape heritage sites (Article 25-*duodevicies*)[9].

1.5. Crimes Committed Abroad

Article 4 of the Decree establishes that an Entity can be held liable in Italy for certain crimes committed abroad.

The conditions which must be met for liability to apply are

a) the crime must be committed abroad by a person who is functionally connected to the company pursuant to and by effect of Article 5 of the Decree;

b) the company must have its primary registered office in the territory of the Italian State;

c) the company may be held liable only in the cases and under the conditions set out in Articles 7, 8, 9, and 10 of the Criminal Code, and where the law provides that the offender - a natural person - is punished on request of the Minister of Justice, then action is taken against the company only if said request is formulated also against the company;

d) where the above cases and conditions provided for in the above articles of the Criminal Code are in place, the company is held liable provided that the State of the location where the fact was committed does not take action against the entity.

---

[7] Article introduced by Legislative Decree 75/2020, which implemented Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law (known as "PIF Directive").

[8] Article introduced by Law No. 22 of 9 March 2022, "Provisions on crimes against cultural heritage".

[9] Article introduced by Law No. 22 of 9 March 2022, "Provisions on crimes against cultural heritage".

1.6. Attempted Crime

Article 26 of the Decree establishes that an Entity is held liable even when the crime is attempted, unless the Entity has voluntarily prevented the action or completion of the unlawful act.

Article 56 of the Criminal Code gives the definition of an attempted criminal offence: "*anyone who carries out any actions, unequivocally aimed at committing a crime, is held liable for attempted crime if the action is not completed or the event does not take place*".

In the cases where the crime attempted (whether by way of commission or omission) is one of the crimes listed in the Decree, the financial and disqualification penalties are reduced by one third and up to one-half.

1.7. Penalties

The <u>penalties</u> for administrative offences arising from a crime are (Article 9):

- financial penalties;
- disqualification penalties;
- confiscation;
- publication of the judgement.

For administrative offences arising from a crime, a financial penalty is always applied.

Said financial penalty is applied in quotas, in a number of at least one-hundred and up to one-thousand. The amount of each quota goes from a minimum of € 258.00 to a maximum of €1,549.00, and reduced payments are not allowed (Article 10).

The Court determines the financial penalty taking into account the seriousness of the event, the degree of liability of the Company, and the activity carried out by the latter in order to eliminate or minimise the consequences of the event or to prevent the commission of any additional criminal offences. The amount of each quota is set based on the financial conditions and net worth of the Entity, so as to ensure the effectiveness of penalties (Article 11).

A financial penalty is reduced by one-half and cannot exceed € 103.00 if (Article 12)

- the offender committed the offence predominantly for their own interest or that of third parties, and the company obtained no advantages or obtained a minimal advantage;
- the financial damage caused is negligible;
- the company fully compensated the damage and eliminated the harmful or dangerous consequences of the crime, or took effective action to such end;
- the company adopted and implemented an organisational model that is suitable to prevent crimes of the same kind as the crime that took place.

<u>The disqualifying penalties are</u> (Article 9, paragraph 2):

- disqualification from running the business activity;
- suspension or revocation of authorisations, licenses, or concessions that are functional to the commission of the crime;
- prohibition from entering into contracts with the public administration, other than to obtain a public service;
- exclusion from facilitations, contributions, or subsidies and revocation of the facilitations, contributions, or subsidies already granted, where any;
- prohibition from advertising goods or services.

The disqualification penalties apply only for crimes for which said penalties are expressly provided (Articles 24, 24 *bis*, 24 *ter*, 25, 25 *bis*, 25 *bis1*; Article. 25 *quater*, Article 25 *quater1*, Article 25 *quinquies*, 25 *septies,* Article 25 *octies*, Article. 25 *novies*, Article 25 *undecies*, Article 25 *duodecies* , and Article 25 *terdecies* of the Decree) when one of the following conditions occurs (Article 13):

- the company obtained a relevant profit from the crime, and the crime was committed by a person in a senior management position or by persons who operate under the management of others, where - in this case - the commission of the crime was determined or facilitated by serious organisational shortcomings;
- where criminal offences are repeated.
- Where it is found to be necessary, more than one disqualification penalty may be applied at the same time (Article 14).

When issuing a judgement of conviction, the Court is also required to order, in any case, the confiscation of the price or profit arising from the crime, except for the portion thereof which may be returned to the damaged party. Any rights acquired by third parties in good faith are not affected (Article 19).

Said confiscation may also be done "by equivalent", meaning that where a confiscation cannot be ordered with respect to the price or profit arising from the crime, the confiscation may be applied to sums of money, assets, or other benefits which value is equivalent to the price or profit arising from the crime.

The publication of the judgement of conviction may be ordered when the Company is subject to a disqualification penalty (Article 18).

Disqualification penalties are no applied when the financial penalty under Article 12, paragraph 1, is reduced.

Where the conditions for the application of a disqualification penalty which would determine the interruption of the company's business activity are in place, instead of applying the penalty the Court orders the company's business activity to continue under a receiver for a period equivalent to the duration of the disqualification penalty that would have been applied, when at least one of the following conditions are in place: a) the company carries out a service of public utility which interruption may cause serious injury to the public; b) the interruption of the company's activity may, taking into account its size and the economic condition of the territory in which it is located, give rise to serious negative repercussions to employment (Article 15).

The profit arising out of the continuation of the activity is confiscated.

Disqualification penalties may also be applied permanently (Article 16).

A permanent disqualification from carrying out the activity may be ordered if the company drew a relevant profit from the crime, and a temporary disqualification penalty had been imposed on the company at least three times over the last seven years.

The Court may apply a permanent prohibition from entering into contracts with the Public Administration or a prohibition from advertising goods or services when the same company was subject to the same prohibitions at least three times over the last seven years.

If a company or one of its organisational units is permanently used for the exclusive or prevalent purpose of allowing or favouring the commission of crimes for which entities may be held liable, the Court always orders a permanent disqualification from carrying out activities.

In this context, Article 23 of the Decree, which establishes the crime of «*Breach of Disqualification Penalties*» also applies.

This criminal offence occurs when, in the performance of the activity of the Entity which was subject to a disqualification penalty, the obligations or prohibitions pertaining to said penalty are breached.

In addition, if the Entity draws a relevant profit from the commission of said crime, the application of different and additional disqualification penalties is also contemplated.

For example, a crime may be held to have occurred when a Company, though subject to the disqualification penalty entailing a prohibition from entering into contracts with the PA, still takes part in a public call for tenders.

1.8. Interim Disqualification Measures and Interim Attachment of Assets

When there are serious indications to believe that a company may be held liable for an administrative offence arising from a crime (serious indications are considered to be in place when one of the conditions set out in Article 13 of the Decree applies, and namely, the company drew a relevant profit from the crime - committed by one of its employees or a person in a senior management position -, and the commission of the crime was determined or facilitated by serious organisational shortcomings - and in case of repeated offences), and there are strong and specific elements that lead to believe that there is a real danger that the same type of offence as the one for which action is being taken will be committed, the examining judge may request the application, as an interim measure, of one of the disqualification measures set out under Article 9, paragraph 2, presenting to the court the elements upon which said request is based, including those in favour of the entity, and any arguments and statements of defence.

In place of the disqualification measure, the court may appoint a receiver for a period equivalent to the duration of the measure that would have been applied.

The court may decide whether to also apply interim measures on assets, including preventive attachment and conservative attachment.

A preventive attachment is ordered on the basis of the price or profit arising from the crime, if the criminal offence may be attributable to the company, whereby the existence of serious indications pointing to the culpability of the Company is immaterial.

A conservative attachment is ordered in connection to the company's movable or immovable assets and any sums or goods owed to the same, where there are reasonable grounds to believe that there are no guarantees that the company will pay the financial penalty, any legal costs for the proceedings, or any other sum owed to the State's treasury, or that such guarantees will be lost.

1.9. Actions that Exempt a Company from Administrative Liability

Articles 6 and 7 of the Decree provide specific forms exempting a company from administrative liability in connection to any crimes committed in its interest or to its advantage.

In case of crimes committed by members of the senior management, Article 6, paragraph 1 of the Decree provides for a specific exempting form, where the Company can provide evidence that

a) its management body adopted and effectively implemented, prior to the commission of the offence, a model that is suitable to prevent the commission of crimes of the same kind as the one committed;

b) it entrusted a Supervisory Body (hereinafter, SB) - vested with independent powers of initiative and control - with the task of overseeing the operation and the effective compliance with the model at issue, and of seeing to the updating of said model;

c) the persons who committed the crime acted by fraudulently eluding said Model;

d) there was no omitted or insufficient oversight on the part of the SB.

Article 6, paragraph 2 of the Decree further provides that, in order to have exempting efficacy, said Model must meet the following requirements:

- identify internal risks, meaning the activities within which scope crimes can be committed;

- provide specific protocols designed for planning training and implementing the decisions taken by the entity regarding the crimes to be prevented, so as to exclude that any person operating within the Company may justify their conduct by alleging unfamiliarity with internal protocols and policies, and avoid, in normal cases, that the crime may be caused by errors - including when due to negligence or inexperience - in evaluating company directives;

- identify methods for the management of financial resources that are suitable to prevent the commission of crimes;

- provide for a system of preventive controls designed in such a way that they cannot be bypassed other than intentionally;
- establish the obligation to inform the Supervisory Body charged with the task of overseeing the operation of and compliance with the Model;
- introduce a disciplinary system that is suitable to penalise failures to comply with the measures provided in the Model;
- provide for one or more channels such as to enable the persons identified in Article 5, paragraph 1, letters a and b, to submit reports on any unlawful conduct under the Decree, detailed and grounded on specific and consistent elements, or reports on breaches of the Model which they have learned by reason of the tasks they carry out. Such channels must ensure the confidentiality of the reporting party's identity (whistleblowing reports procedure).
- As to any crimes committed by «subordinate» members of staff, Article 7 of the Decree provides for a specific form exempting the company from administrative liability, when it is established that prior to the commission of the crime the Company at issue adopted a model that is suitable to prevent crimes of the same kind as the one committed.

In essence, in order to be exonerated from administrative liability, the Company must

- adopt a Code of Ethics that lays down the principles of conduct by which all members of staff must abide;
- lay down an organisational structure designed in such a way as to guarantee a clear and organic distribution of tasks, implement a segregation of duties, and guide and monitor the appropriateness of the conduct of all members of staff;
- set out formal internal procedures, manual and computer-assisted, designed to govern the performance of activities (specific preventive efficacy is given to the internal controls tool whereby the individuals who perform critical steps within a process exposed to risk operate under a "segregation of duties");
- assign authorisation and signing powers consistently with organisational and management responsibilities (system of delegated powers);
- inform all the members of staff, across the board and in an effective, clear, and detailed manner, on the Code of Ethics, internal procedures, disciplinary system, authorisation and signing powers, and any other tools which are suitable to prevent the commission of criminal offences;
- provide an appropriate penalty system;
- establish a Supervisory Body, endowed with substantive autonomy and independence, whose members have the required professional skills to carry out the tasks entrusted; such Supervisory Body must be capable of assessing the suitability of the Model, to monitor its operation, see to

its updating, and operate through an on-going action and in close connection with internal functions.

2. PURPOSE

For the purpose of ensuring conditions of fairness and transparency in the performance of the Company's business and activities, Ferretti S.p.a. considered it necessary to adopt an Organisational Model in accordance with the provisions of Legislative Decree No. 231 of 2001, and with the Guidelines issued by Confindustria on 7 March 2012, as amended and supplemented (June 2021).

The Model is designed to describe the operating procedures adopted and the responsibilities assigned within Ferretti S.p.a.

The Company believes that, beyond the provisions of law, the adoption of such Model constitutes a valid tool to raise awareness and provide information to all its members of staff, as well as any other persons who carry out activities in name and on behalf of Ferretti (including advisers, partners, suppliers, etc.), and any other parties who, in any capacity, interact with the Company.

<u>The purposes of the Model</u> adopted by Ferretti S.p.a. are

- to prevent and reasonably minimise the possible risks connected to its business activity, particularly with respect to the risks relating to the commission of predicate offences, or otherwise engaging in unlawful conduct, on the part of its senior management, subordinate members of staff, or third parties;

- to ensure that anyone who operates in name and on behalf of Ferretti S.p.a. within at-risk activities becomes aware of the fact that, where the provisions laid down in the Model are breached, there is a possibility to commit a crime liable to be subject to criminal and/or administrative penalties, for which they themselves - but also Ferretti S.p.a. - may be held liable;

- to reaffirm that Ferretti S.p.a. will not accept any unlawful conduct;

- to provide information on the serious consequences that may be suffered by the Company (and thus indirectly by all its stakeholders) on account of the financial or disqualification penalties provided for in the Decree, and on the possibility that such penalties may also be imposed as a pre-trial precautionary measure;

- to allow the Company to constantly control and closely monitor its activities, so as to be able to take prompt action where any risk should arise, and where required apply the disciplinary measures set forth in the Model.

3. SCOPE OF APPLICATION

The rules contained in the Model apply to anyone who carries out, including *de facto*, any management, administration, leadership, or control duties on behalf of Ferretti S.p.a.; to partners and employees, and to anyone who, though not directly employed by Ferretti S.p.a., operate on the basis of appointments granted by the same, or are otherwise affiliated to the Company (hereinafter, also referred to as "Recipients").

Consequently, Recipients include, as to the members of the senior management,

1) the Chief Executive Officer;
2) directors;
3) managers;
4) auditors;
5) members of the Supervisory Body;

as to the individuals who operate under the management of others, these include :

1) employees;
2) interns;
3) temporary workers.

Under specific contractual provisions, limited to the performance of any sensitive activities they may be involved in, the recipients of certain specific obligations, which are instrumental for the proper performance of the internal controls activities under this General Part will also include the following external parties

- associates, agents, and representatives; advisers, Dealers, and in general any individual who is self-employed to the extent in which the above parties operate within the scope of sensitive activities on behalf or in the interest of the Company;
- suppliers and partners (including when they operate as a temporary association of companies or a joint venture) who operate to a significant extent or on an on-going basis within the scope of activities deemed sensitive on behalf or in the interest of the Company.

External parties will also include anyone who, though they have a contractual relationship with other companies within the Group, in material terms operate to a significant extent or on an on-going basis within the scope of sensitive activities on behalf or in the interest of the Company.

Ferretti S.p.a. disseminates this Model in ways that are suitable to ensure that all interested parties gain knowledge thereof, including through its internal Intranet portal, website, circulars, and bulletin boards.

The persons to whom the Model is addressed are expected to fully comply with all its provisions, in compliance also with the duties of loyalty, fairness, and diligence that arise out of their contractual relationship with the Company.

Ferretti S.p.a. condemns any conduct that is incompatible with the law, but also, and especially, any conduct that deviates from the Model and the Code of Ethics; this also applies where any unlawful conduct is adopted in the interest of the Company or with the intention of brining any advantages to it.

4. STRUCTURE AND CONFIGURATION OF THE MODEL

4.1. Characteristics of the Model adopted by Ferretti S.p.A.

The Company considered it appropriate to adopt an Organisation, Management, and Control Model in accordance with the Decree, in the belief that such Model can constitute not only as a valid tool to raise awareness among anyone who operate in the interest or to the advantage of the Company, to ensure their behaviour is fair and upright, but also as an effective means to prevent the risk of commission of the crimes and administrative criminal offences laid down in the Decree.

By adopting and constantly updating the Model, the Company intends to

- create the awareness among anyone who operates on behalf of the Company within the scope of "sensitive activities" (meaning activities within which sphere, due to their very nature, the crimes under the Decree may be committed), that breaching the relevant directives may lead to disciplinary and/or contractual measures, and to criminal and administrative penalties for which they themselves can be held liable;

- reaffirm that said unlawful conduct is contrary not only to the law, but also the ethical principles by which the Company intends to abide in the performance of its business activities, and are therefore strongly condemned by the Company (including where the Company were in the apparent position to draw any advantages from any unlawful conduct);

- take prompt action so as to prevent or hinder the commission of crimes, and penalise any conduct diverging with the Company's Model, on the strength of its monitoring activity over risk areas.

Consequently, the Board of Directors believes that adopting and effectively implementing the Model will not only allow the Company to benefit from the exemptions provided for under Legislative Decree 231/2001, but it also be liable to improve its own *Corporate Governance,* limiting the risk of commission of the Crimes.

The Board of Directors further believes that the Model adopted - in addition to its peculiar purpose, and namely to prevent the risk of crimes, and the necessary compliance with legal requirements - should integrate with the Company's *modus operandi*, adapting its own internal controls system and setting out specific purposes to ensure that internal policies are compliant with ethical principles and with the correct and lawful performance of activities.

In this light, with respect to <u>elements pertaining to internal organisation,</u> Ferretti S.p.a. has formalised and implemented its own organisational chart/role map.

Knowledge and dissemination of the Company's internal organisational chart/role map and the other organisational documents are guaranteed through the distribution of such material through the Company's Intranet.

As to <u>elements pertaining to management and governance</u>, the Company refers to the provisions of its By-Laws, which describe the roles, responsibilities, and power vested in its Corporate Bodies and Senior Management.

As suggested in trade association guidelines, the Model formalises and clarifies the attribution of responsibilities, hierarchical lines of authority, and provides a description of roles, expressly lying down control principles, including, but not limited to, function counterbalancing measures.

As regards operating management, preventive control measures are expressed in the segregation of duties, and, where opportune in line with the risk of crime, the introduction of several control levels.

With respect to control measures, in addition to establishing an autonomous and independent Supervisory Body, the Company ensures the integration and coordination of said Body's activities with the internal controls system already in place, making the best of past experience.

The Model does not change the pre-existing functions, tasks, and objectives of the controls system, but is rather aimed at providing added guarantees with respect to the compliance of internal policies and activities with the standards expressed in the Code of Ethics and in the internal policies, which reflect the principles of the Code in the rules governing the Activities exposed to the risk of crime.

Lastly, with regard to controls, the Model establishes the obligation to document (where applicable through reports) the inspections and audit carried out.

Finally, the communication and training actions set out in the Model allow

- the Staff, as potential perpetrators of the Crimes, to have full awareness of the activities exposed to the risk of commission of a criminal offence, and of the Company full and utter disapproval of any such conduct, which are held to be contrary to the interest of the Company including when the Company may obtain any apparent advantages from such activities;
- the Company to take prompt action to prevent/deter the commission of a crime, thanks to its constant monitoring of activities.

The Model adopted, therefore, involves every aspect of the Company's activities, by drawing a distinction between operating tasks and control tasks (where possible), with the objective of properly managing any possible situation entailing risks and/or conflicts of interest.

Controls involve, each with different roles and at different levels, the Board of Directors, the Supervisory Body, the Board of Auditors, the Internal Auditing Function, the Compliance function, the President, and the entire Staff, and where considered possible and effective, the information system, which represents an indispensable feature of the Company's day-to-day activities.

The Model expresses a structured and organic system of (preventive and *ex post facto*) control processes, procedures, and activities, and has the objective of allowing for an informed management of the risk of commission of the Crimes, through the identification of the Activities exposed to the risk of crime and their consequent regulation through procedures.

Activities aimed at assessing the Model currently in place and its amendment, where needed

With respect to the assessment of the Model and the processes to update it and improve it, in compliance with the Decree and Guidelines issued by the mentioned trade associations, the Board of Directors decided to establish a *risk assessment* and *risk management* process, adopting the following actions:

- identification and mapping of the Company's internal areas and activities
- correlation between the Company's internal areas and activities and the Crimes, and detailed mapping of the Areas and Activities exposed to the risk of crime, to be analysed and monitored;
- analysis of the protocols in place regarding the Activities exposed to the risk of crime and definition of any implementations aimed to ensure on-going compliance with the provisions of the Decree. In this regard, special attention was, and will need to be given to the
  - definition of the ethical principles in connection to conducts which may entail the commission of Crimes;
  - definition of the Activities exposed to the risk of crime;
  - definition of a plan to implement the Protocols;
  - definition of a specific plan for Staff training;
  - definition of Protocols applicable to third parties (advisers, suppliers, and outsourcers);
  - definition and application of a specific penalty and disciplinary system, providing a sufficient level of deterrence;
- identification of a Supervisory Body, established *ad hoc* by the Company, assigned with specific supervisory tasks regarding the efficacy and effectiveness of the Model;
- definition of information flows to the Supervisory Body, and from the Supervisory Body to the Corporate Bodies.

The following chapters A), B), C), and D), illustrate the organisational structure, the internal control and management systems aimed at preventing specific risks, relating respectively to health and safety in the workplace, environmental protection, criminal association crimes, self-laundering and tax Crimes, structured in line with the applicable parameters set by law.

A) **Preventive Controls Systems for Crimes of Manslaughter and Unintentional Bodily Harm Committed in Violation of Laws and Regulations on the Protection of Health and Safety in the Workplace**

As to any risks stemming from the crimes of manslaughter and serious and very serious bodily harm arising out of insufficient protections in terms of health and safety in the workplace, the main preventive measures adopted by the Company are represented by its compliance with the obligations set out under Legislative Decree 81/2008.

The Company established an organisational structure, at the top of which is the employer who formalised the appointment of the Head of the Prevention and Protection Service, the safety Delegated Managers, the coordinator Competent Physician and the other competent physicians, designated officers, emergency services designated staff, and the Workers' Representative for Safety. The Company also identified, within its internal structure, a Facility & EHS function in charge of managing any aspects pertaining to health and safety in the workplace.

The Company furthermore established an internal management system to ensure compliance with obligations regarding

- risk assessment activities and preparation of the related prevention and protection measures (by formalising the Risk Assessment Document and the Interference Risk Assessment Documents);
- compliance with the technical-structural standards regarding equipment, plants, workplaces, and chemical, physical, and biological agents (checks and monitoring of equipment and tools, plant compliance certifications, handbooks and manuals of use, etc.);
- organisational activities, including emergency response, first aid, management of contracts, periodic safety meetings, consultation with workers' representatives for safety (aforementioned appointments, organisation of periodic meetings as required by law, etc.);
- health surveillance activities (carried out by the physician in charge);
- information activities and training of workers;
- supervisory activities with respect to the workers' compliance with safe work procedures and instructions;
- acquisition of the mandatory documentation and certifications required by law;
- periodic checks to verify the application and efficacy of the procedures adopted.

The occupational health and safety obligations management system requires to duly record the completion of the above activities, through the work of the Head of the Prevention and Protection Service.

The current system lays down a structure of functions that ensures the technical skills and powers required to check, assess, manage, and control risks, thanks also to the attribution of suitable powers to the relevant delegated parties.

Failure to comply with the measures aimed at ensuring health and safety in the workplace can be punished under the disciplinary and penalty system under Model 231.

Lastly, the system to manage occupational health and safety obligations lays down a specific process to monitor the implementation of the system itself and to check whether the measures adopted are suitable over time; this is done by the Prevention and Protection System and through third-level checks by the Supervisory Body, who periodically schedules monitoring actions, and annually reports on the outcomes thereof to the Board of Directors and the Board of Auditors.

The system further requires to review and modify the solutions adopted, where appropriate, when any significant breaches of the regulations on the prevention of accidents and health and safety in the workplace are detected, or when the Company's organisation undergoes any change or its activity changes in connection to scientific and technological progress (this activity is carried out by the RSPP, based on the provisions of Article 28 of Legislative Decree 81/2008 and during periodic meetings as per Article 25 of Legislative Decree 81/2008).

B) **Preventive Controls System for Environmental Crimes**

As to any risks stemming from environmental crimes, the main prevention measures adopted by the Company are represented by its compliance with the obligations detailed under Legislative Decree 152/2006, as amended and supplemented, and by its adoption of a system to manage said obligations, in accordance with the UNI EN ISO 14001:2015 standard.[10]

The Company acts in the belief that the environment is an asset to be protected in the interest of the community, and is guided by principles of sustainability and environmental protection. The Company has always recognised the high value of environmental protection, including in the light of a sustainable development of the territory.

In line with national and regional legislation, the Company is committed to ensure that every activity carried out by its controlled companies is in full respect for the environment, minimising any direct or indirect environmental impact of its business activity, to preserve the natural environment for future generations.

The Company therefore established an internal management system to ensure compliance with obligations regarding

- risk identification and assessment, and establishment of relevant prevention and protection measures;
- compliance with statutory provisions regarding environmental protection, and health and safety in the workplace, based on the manufacturing processes and the type of business carried out;
- organisational activities, including the formalisation of delegated powers and assignment of roles, tasks, and authorities needed to perform the tasks;
- monitoring and control, both internal and external (carried out by the Company's function assigned to first- and second-level checks, and by the certification body's auditors);
- information activities and training of workers;
- acquisition of the mandatory documentation and certifications required by law;
- periodic checks to verify the application and efficacy of the procedures adopted.

The environmental obligation management system also requires to duly record the completion of the above activities.

[10] This certification was obtained for some of the Company's production facilities.

The current system lays down a structure of functions that ensures the technical skills and powers required to check, assess, manage, and control risks, thanks also to the attribution of suitable powers to the relevant delegated parties.

Failure to comply with the measures aimed at ensuring compliance with the laws and regulations on the protection of the environment can be punished under the disciplinary and penalty system under Model 231.

Lastly, the environmental management system lays down a specific process to monitor the implementation of the system itself and to check whether the measures adopted are suitable over time; this is done by the Environmental System and through third-level checks by the Supervisory Body, who annually schedules monitoring actions, and annually reports on the outcomes thereof to the Board of Directors.

The system furthermore requires to review and modify the solutions adopted, where needed, when serious breaches of the rules regarding environmental protection are detected, or when the company's organisation undergoes any changes or its activity changes in connection to scientific and technological progress.

The Company obtained the UNI EN ISO 14001:2015 standard certification for some of its production facilities.

C) **Preventive Controls System for Criminal Association Crimes**

As to any risks stemming from criminal offences in connection to a criminal association, the Company adopted organisational solutions it believes to be in line and compliant with the recommendations provided in the Guidelines issued by trade associations.

In particular, the following organisational and logical solutions and measures are effective preventive protocols:

- integrity and ethical standards met by the members of senior management: the requirements set out by law and regulations are scrupulously complied with, in connection to the integrity standards that should be met by the Company's senior management and by anyone having any key role or control function within the Company. The Company furthermore adopts a disciplinary and penalty system, applicable at all levels of the Company: the penalty system is deemed to be effective as a deterrent.
- Checks on the identity of the individuals who interact with the Company, including particular care with respect to clients.
- Transparent and traceable procedures for the selection of suppliers;
- Structure of controls aimed at preventing disloyal conduct or cause such conduct to be detected;
- In addition to the above protocols, checks on any concentration of responsibility are carried out by internal control functions.

- Strict compliance with the provisions of the 231 Model, adopted with respect to minimising the risk of commission of crimes, which may also be fall within the scope of crimes that form the purpose of a criminal organisation: with respect to the protocols adopted to minimise the risk of commission of Crimes, please refer to each individual protocol.

- Strict compliance with the provisions of the 231 Model to govern the management of financial resources: the protocols set out with regard to the decision-making process prove effective within the process of financial resource management, imposing principles of traceability and verifiability of management decisions.

The Company deems that these protocols are effective in preventing the risks of crimes committed within a criminal association as per Article 24-*ter*, and that the commission of these crimes can only occur by fraudulently breaching said protocols.

D) **Preventive Control Systems for Tax Crimes and Self-Laundering**

As to the possibility of self-laundering any of the assets or money already owned by the Company, the Company's procedures governing the management of its treasury, cash, investments, and any obligations regarding tax statements and tax liabilities, are deemed effective as protocols to prevent said self-laundering crimes.. Specifically with respect to Tax Crimes, the Company deems that its internal procedures governing financial accounts and tax accounts, the drawing up of financial statements and the relative checks by the bodies and parties assigned to said duties (bodies and functions charged with internal auditing, Auditing Firms, Board of Auditors) , and infra-group pricing policies, to be effective as preventive protocols; furthermore, the procedures and control systems adopted pursuant to Law 262/2005.

Lastly, the measures adopted to prevent the crimes referred-to in the Decree are also deemed relevant for the purpose of preventing self-laundering crimes (*sic*).

4.2. Characteristics of the Model adopted by Ferretti S.p.A.

The Model adopted by Ferretti S.p.a. is based on

- the Code of Ethics, designed to lay down general lines of conduct;
- the Company's organisational structure, which lays down the assignment of tasks - providing for a segregation of duties where possible, or balancing checks as an alternative - and the parties charged with the task of monitoring conducts and the correctness thereof;
- a mapping of the Company's sensitive areas, meaning a description of the processes within which scope it is easier to commit one of the predicate crimes;
- the processes that are instrumental to the Company's sensitive areas, or the processes through which the Company manages financial instruments and/or alternative tools capable of preventing the commission of crimes in the areas exposed to the risk thereof;
- using formal internal policies designed to regulate the proper operating methods to take and implement decisions in the Company's various sensitive areas;

- a clear indication of the parties who take part in said activities, in hopefully distinct roles, whether as executors or controllers, for the purpose of segregation of management and control duties;
- adoption of a system for the delegation of internal powers and authorities consistent with the responsibilities assigned, and ensuring a clear and transparent representation of the internal training and decision-implementation process, in line with the principle of uniqueness of the person assigned with a function;
- identification of methodologies and tools that ensure appropriate monitoring and control levels, whether direct and indirect, where direct control is carried out by specific operators of a given activity and to the person assigned, and indirect control is carried out by the management and the Supervisory Body;
- detailed identification of information tools to track monitoring and control activities (e.g., sheets, logs, reports, etc.);
- definition of a penalty system applicable to anyone who breaches the rules of conduct established by the Company;
- implementation of a plan 1) for the training of managers and executives who work in sensitive areas, directors, and the Supervisory Body; 2) to provide information to all other interested parties;
- the establishment of a Supervisory Body who is charged with the task of overseeing over the efficacy and proper operation of the Model, verify whether or not it is consistent with objectives, and see to its periodic updating.

In particular, the Organisation, Management, and Control Model pursuant to Legislative Decree comprises the following parts:

- General Part of the Model, and relative annexes:
    - Annex 1 - Code of Ethics
    - Annex 2 - System of Delegated Powers and Authorities
    - Annex 3 - Organisational Structure
    - Annex 4 - Disciplinary System under Legislative Decree 231/2001
    - Annex 5 - Table of Crimes
    - Annex 6 - SB Reporting Procedure (Whistleblowing)
    - Annex 7 - Conduct Examples
- Special Parts of the Model, divided by crime category:
    - Special Part A: Corruption Crimes and Crimes against the Public Administration
    - Special Part B: Cyber Crimes

- Special Part C: Organised Crime, Terrorism, and Transnational Crimes
- Special Part D: Crimes against Industry and Commerce
- Special Part E: Corporate Crimes
- Special Part F: Market Abuse
- Special Part G: Crimes Committed in Violation of Regulations on the Protection of Health and Safety in the Workplace
- Special Part H: Crimes relating to the handling of stolen goods, money laundering and using payment instruments other than cash
- Special Part I: Crimes regarding the infringement of copyright and distinctive signs
- Special Part L: Environmental Crimes
- Special Part M: Crimes against Individuals and Employment of third-party nationals whose stay is illegal
- Special Part N: Tax Crimes and Smuggling

4.3. Risk Analysis and Assessment and Management of the Risks Identified

The primary objective of a risk analysis concerning the risk of crime is to identify and contextualise the risk of crime in connection to the governance, the organisational structure, and the activity carried out by an entity.

Secondarily, by this activity the Company can obtain useful information to support the choices of the SB and the Board of Directors (each for their respective areas of responsibility) with respect to actions to modify and improve the Organisation, Management, and Control Model with respect to the prevention purposes listed in Legislative Decree 231/2001 (such as the levels of exposure to each individual risk of crime).

The risk analysis on the risk of crime was conducted by evaluating the following factors:

- Identification of risks of crime (by identifying the areas and activities exposed to the risk of crime);
- the real likelihood for a criminal offence to be perpetrated (by assessing the likelihood of the threats which bring about or may bring about an unlawful act);
- the possible damage which may arise from the perpetration of a criminal act (by assessing the impacts);
- the Company's organisational shortcomings that may be exploited to commit a crime (level of vulnerability).

The risk evaluation that was carried out may be summarised by a function of three variables:

Risk of Crime + F (Likelihood of the Threat; Vulnerability; Impact)

As to this formula,

- the Likelihood of the Threat is the rate at which a Threat occurs, meaning an action, activity, process or potential event which, based on the type of Crime, represents a potential method to commit the Crime itself.
- the Vulnerability Level is the Company's level of organisational shortcoming; vulnerabilities may be exploited to commit Crimes, and consist in a lack of preventive measures, making it possible for a threat to happen, with the consequent commission of a Crime;
- the Impact is the damage arising out of the commission of a crime in terms of penalties, financial consequences, and reputational damages, as determined by the legislator, or as may be represented;
- the Risk of Crime is the likelihood for the entity to suffer a damage determined by the commission of a Crime, which was perpetrated by exploiting the vulnerabilities represented by a lack of preventive measures, or by negative ethical or organisational environments.

In order to identify the "areas" and the "activities" exposed to the "risk of crime", a relevant factor is the determination of the scope of application of the subjective conditions laid down by the Decree. The Company identified the persons whose unlawful conduct may lead to the extension of liability to the Company.

More in detail (as provided for in Article 5 of Legislative Decree 231/2001),

a) persons who hold representative, administrative, or management offices within an entity or one of its organisational unit with financial and functional autonomy, or by persons who, *de facto* or otherwise, exercise management and control of the entity;
b) persons who are subject to the management or the supervision of one of the persons listed under letter a).

The results of the mapping of the Company's internal areas and activities exposed to the risk of crime are reported in the technical Document titled "*Risk Assessment Results and Risk Management Plan*", which can be made available by the Company on request.

- The Risk Assessment Result and Risk Management Plan includes
  - the map of the Areas exposed to the risk of Crime, which shows the Functional Areas (Bodies and Internal Functions) which are potentially exposed to the risk of commission of the Crimes listed in the Decree;
  - the Map of Activities exposed to the Risk of Crime, which shows sensitive processes and/or activities, or the activities or processes that fall within the scope of responsibility of the bodies and internal areas or functions where a conduct constituting a predicate crime can hypothetically be perpetrated;
  - the risk assessment matrices, which show the levels of risk per group of crimes to which any internal Function is exposed;
  - the risk management plan, which identifies the preventive protocols already in place or to be prepared to reduce the risk of crime to an acceptable level (this should be intended as the

residual "possibility to commit a criminal offence only by fraudulently breaching a prevention protocol").

4.3.1. Risk assessment activities designed to identify risks of crimes and assessing both risks as well as the prevention efficacy of the model in place

To analyse the risk of crime, we took the following operating phases:

1. Identification of the crime and consequent identification of the threats that may allow for the perpetration of criminal acts (in terms of operating activities or conduct);
2. Contextualisation of the threats that allow for the perpetration of criminal acts involving the Company, using self-assessment techniques (interviews with senior management and subordinates, conducted by teams that include lawyers, process analysts, internal control experts, and industrial and organisational psychologists);
3. Assessment of the Likelihood of the Threat:
   - Each threat is assigned a probabilistic value in respect to the occurrence thereof, based on the following parameters:
     a. History or internal or contextual statistics;
     b. Relevance of the activity for the entity or function at issue;
     c. Analysis of precedents, if any;
4. Assessment of the Vulnerability Level:
   - Assessment of the vulnerability level in respect of each threat, by
     a. identification of the prevention measures adopted.
5. Assessment of the possible Impact:
   - Assessment of the possible damages the entity may suffer in the event the Crimes should be perpetrated, in terms of financial penalties and/or disqualification penalties and loss of image, loss of business, and loss of turnover.

This analysis was conducted by using documentary analysis and self-assessment techniques for the internal function at issue.

As to documentary examination, we analysed the following documents (or we ensured the existence or non-existence of such documentation):

Corporate Information

- Company Organisation;
- By-Laws;
- Data concerning headquarters or other offices, including geographical locations and activities carried out in each;
- Inspection Reports drawn from Supervisory Authorities, which may have any relevance for the purposes of Legislative Decree 231/2001 or which may regard the Company's organisational structure;
- Records and official reports drawn up by the Auditing Firm or the statutory auditor over the last three years and which may have any relevance with respect to Legislative Decree 231/2001 or which may regard the Company's organisational structure.

Governance, Powers, and Outsourced Services

- Official documents describing the Company's governance and decision-making and control powers;
- Structure of Delegated powers and Powers of Attorney;
- Delegated powers and organisation concerning accident-prevention and occupational health and safety, environment and waste management, privacy and information security, corporate communication and/or other issues pertaining to the Company's business activity;
- Organisational Chart and Role Map
- Intra-group Service Agreements
- Service Agreements with Third Parties (relevant agreements)

Human Resources

- Incentive plans and schemes;
- Information on dealings with trade union and trade union disputes;
- Reports on the application of disciplinary measures applied over the last three-year period, with specific highlighting of relevant issues under Legislative Decree 231/2001.

Management Systems and Procedures

- Regulations and procedures regarding Corporate Bodies;
- Procedures for Accounting and Financial Statements;
- Treasury Procedures;
- Accounts Receivable Procedures;
- Accounts Payable and Purchases Procedures;
- Human Resource Management Procedures;
- Operating Procedures for "Core" Activities
- Procedures for Dealings with the PA;
- Accident-prevention and Occupational Health and Safety Procedures;
- Personal Data Protection and Security Procedures;
- Anti-Money Laundering and Anti-Terrorism Procedures;
- Waste Disposal and Environment Procedures;

The analysis of the governance and formal organisation of the body provided important information for the purpose of identifying and assessing risks. However, as mentioned, this activity was deemed necessary but not sufficient to fully analyse risks, on account of the fact that often unlawful conduct occur within the so-called "grey areas" in a company's activities, meaning those areas where members of staff conduct activities that are not duly regulated by company policies.

The self-assessment analysis thus allowed us to confirm and highlight the existence of risks of crime within each single area and function.

4.3.2. Map of areas and map of internal activities "exposed to the risk of crime" (Article 6, paragraph 2, letter a of the Decree)

The main information pertaining to the identification of the risk of crimes are reported on the map of areas and the map of activities exposed to the risk of crime.

The "Map of areas exposed to the risk of crime" shows the Functions and corporate Bodies that are exposed to the risk of commission of criminal offences, based on the powers and tasks assigned (for more information, see the **Technical Document** titled "*Risk Assessment Results and Risk Management Plan*".

the Map of activities exposed to the risk of crime shows the sensitive processes and/or activities, or the activities or processes that fall within the scope of responsibility of the bodies and internal areas or functions where a conduct constituting a predicate crime can hypothetically be perpetrated;

The Map of activities is illustrated in the **Technical Document** titled "*Risk Assessment Results and Risk Management Plan*" which reports specific paragraphs titled and dedicated to each corporate body, area, or function analysed.

4.3.3. Risk Management Plan

Based on the results of the activity designed to identify and assess the risk of crime, we prepared a "Risk management plan ", which - as mentioned -identifies the preventive protocols already in place or to be prepared to reduce the risk of crime to an acceptable level (this should be intended as the residual "*possibility to commit a criminal offence only by fraudulently breaching a prevention protocol*").

The plan is summarised in a table, which contains the following information:

- risks of crime to prevent (meaning single Crimes that need to be prevented);
- prevention protocols to lower the risk of crime to a level the Company finds acceptable;
- state of implementation of the protocols (Implemented/Undergoing Implementation) and the existence of operating procedures;
- priority of action in the implementation of protocols/procedures (high/medium/low);
- reference to the Company's protocols (where implemented).

The Protocols already in place, including the Company's formalised operating procedures, have been analysed in terms of the requirements set out under Legislative Decree 231, to confirm whether or not said procedures may be effective as protocols to prevent the relevant predicate Crimes.

The risk management Plan and the accompanying prevention Protocols are aligned with the following general principles:

- clear and formalised assignment of powers and responsibilities, with express indication of the limits for the exercise of said powers, and consistently with the tasks assigned and positions held within the Company's organisational structure;

- segregation of duties through a proper distribution of responsibilities and the establishment of suitable authorisation levels, for the purpose of avoiding the overlapping of functions or operating assignments concentrating critical activities in the hands of one single party;
- existence of rules of conduct suitable to ensure that the Company's activities can be conducted in compliance with laws and regulations and with respect for the integrity of the Company's assets;
- existing and documented control and supervisory activities carried out with respect to the Company's transactions;
- existence of security mechanisms that ensure a sufficient protection/ physical-logical access to the Company's data and assets;
- existence of tools to manage financial resources.

The general and specific prevention Protocols, which form an integral and substantive part of the Model, are also referred to in the **Special Parts** of the Model, divided by category of crime.

4.4. Code of Ethics

The Code of Ethics is drawn up and adopted by Ferretti S.p.a. to inform all the stakeholders about the principles of business ethics, the ethical responsibilities and commitments in the performance of business and internal activities, by which the Company intends to abide. The Company expects anyone who operates within Ferretti S.p.a. and anyone who has any contractual relationship with the same to act in compliance with said Code.

The principles and rules of conduct contained in this Model are integrated with the principles expressed in the Code of Ethics adopted by the Company; however - on account of the purposes it sets out to pursue in terms of compliance with the provisions of the Decree - the Model has a different relevance as opposed to the Code of Ethics.

We should note that the Code of Ethics is tool that was independently adopted by the Company, with principles that can be implemented in general terms by the Company for the purpose of expressing a series of principles of business ethics which the Company itself acknowledges as its own, and which compliance is expected by all of its members of staff and anyone who cooperates towards the pursuit of its business objectives, including suppliers and clients. On the other hand, the Model responds to specific provisions contained in the Decree, aimed at preventing the commission of specific types of crimes, and namely any actions which, perpetrated in the apparent interest or to the advantage of the Company, may entail the administrative liability of the same based on the provisions of the Decree. However, in consideration of the fact that the Code of Ethics touches on principles of conduct that are likely to prevent the criminal offences under the Decree, it becomes relevant for the purposes of the Model, and becomes thus an integral component of the Model itself.

The Code of Ethics is included in Annex 1.

4.5 Organisational Structure

The organisational structure of the Company is defined by the issuing of delegated functions and organisational provisions (service orders, job descriptions, internal organisational directives) by the Chief Executive Officer.

The formalisation of the organisational structure adopted is ensured by the Chief Executive Officer, who periodically updates the Company's organisational chart and disseminate it.

The organisational structure of Ferretti S.p.a., which is an integral and substantive part of the Model, is illustrated in Annex 3, and represents that map of the Company's areas and of the functions assigned to each area.

4.6. Filing documentation concerning sensitive activities and instrumental processes

Any activities performed within the scope of sensitive activities and instrumental processes are suitably formalised, particularly in terms of the documentation prepared as part of the performance of said activities.

The above documentation, which produced and/or available in printed or electronic format, is filed in an orderly and systematic manner by the functions involved in the same, or by the functions specifically identified in the procedures or work instructions in detail.

In order to protect the documentary and information assets of the company, the Company provided for suitable security measures - including backup processes - against the risk of loss and/or alteration of the documentation pertaining to sensitive activities and the instrumental processes, or against undesired accesses to data/documents.

4.6.1. Information System and Computer Applications

In order to monitor the integrity of data and the effectiveness of the information systems and/or the computer applications used to perform operating or control activities within the scope of sensitive activities or instrumental processes - or any such activities in support thereof - the Company ensures that the following are present and are duly operating:

- user profiling systems in connection to accesses to forms or environments;
- rules for the proper use of systems and internal information aids (hardware and software);
- automated mechanisms to control accesses to systems;
- automated mechanisms to block or prevent access;

4.6.2. Management Systems used within the Company

The Company uses a Quality Management system.

With the introduction of its Quality Management System, the Company intends to regularly provide products and services that meet the requirements

- of the ISO 9001:2015 (CISQ/RINA) Standard;

- contractually laid down in agreements with clients and arising out of product specifications (which as a whole constitute the “client's requirements”);
- laid down by the applicable laws, relative to health and security (application of laws and regulations on health and safety in the workplace), as well as the environment (listed in the environmental analyses of production sites).

The Quality Management System furthermore lays down

- the Quality and Environment Policy;
- the Company's organisation;
- processes;
- responsibilities;
- methods for performing tasks and specific responsibilities within the Company's fundamental processes and activities.

As part of its management of environmental aspects, the Company obtained the UNI EN ISO 14001:2015 standard certification for some of its production facilities.

4.7. System of Delegated Powers and Authorities

The authorisation system, which translates into a complex system in line with the delegation of functions and with the powers of attorney granted by the Company, must be in line with the following provisions:

- delegated powers must be so that each management authority is associated with the relevant responsibility and with the suitable role within the Company's organisation, and be updated every time there is a change within the same;
- each delegated power must define and describe, in a specific and not ambiguous manner, the management powers granted to the delegated person, and the party to whom said delegated person reports;
- the management powers which are delegated and the exercise thereof must be consistent with the Company's objectives;
- the delegated person must be granted spending powers that are consistent with the functions assigned;
- powers of attorney may be granted exclusively to persons who have functional delegated powers within the internal organisation, or delegated powers to carry out a specific task, and must provide for an extension of the powers of representation and numeric spending powers, where needed;
- only the persons who have specific and formal powers may undertake any obligations towards third parties in the name and on behalf of the Company, TN;

- anyone who maintains any relations with the PA must be granted the relevant delegated powers or powers of attorney to do so.

The System of Delegated Powers and Authorities in place within Ferretti S.p.A., which is an integral and substantive part of the Model, is reported in Annex 2, "System of Delegated Powers and Authorities".

The principle by which Ferretti S.p.a. is guided in establishing its organisational structure and in carrying out its activities is the principle by which only the persons who have specific and formal powers may undertake any obligations towards third parties in its name and on its behalf.

All the powers assigned through a delegation of powers or exercise of such powers are directly connected to specific tasks and responsibilities, as reported in the Company's organisational structure.

4.8. Management of Financial Resources

Article 6, paragraph 2, letter c) of the Decree lays down the obligation of the Company to draw up specific processes for the management of financial resources that are suitable to prevent the commission of the crimes.

To this end, Ferretti S.p.a. adopted, within the scope of its procedures, some fundamental principles that must be followed in the management of financial resources;

- all the operations connected to the management of financial resources must be carried out by using the Company's own bank current accounts;
- cash transactions and final balances must be checked and confirmed periodically;
- the function in charge of managing the Company's treasury must lay down and keep updated, in line with the Company's credit policy and on the basis of adequate segregation of tasks and based on bookkeeping compliance, a specific and duly formalised procedure to open, use, check, and close current accounts;
- the Company's top management defines medium- and long-term financial needs, and the manners and sources for meeting said needs, and provides evidence thereof in specific reports;

As to the payment of invoices and expenditure commitments, the Company requires that

- all the invoices received must refer to the purchase order issued by the competent offices authorised to the issuing thereof; said purchase order must have been made through the system or approved by the relevant responsible officer vested with suitable powers to do so;
- invoices are checked in all their aspects (matching of data, calculations, tax charges, receipt of goods or services);
- invoices are recorded autonomously by the bookkeeping function(*TN*), and payments are not made without the specific authorisation of the head of the administration and finance office, and of the ordering function

- any debt assumption on account of loans, including contracts to hedge against exchange risks and interest, must be taken by resolution of the Board of Directors, except for the matters covered within the scope of delegated powers already granted.

The main references that must be followed in the management of financial resources concern the processes for the

- *settlement of invoices payable*: the Company lays down the checks and the methods to record and manage anomalies which must be followed in the process of settlement of invoices payable in case of anomalies in the payment procedure;

- *management of financial accounts*: the Company lays down the rules that must be followed to verify monitoring of its bank and financial accounts;

- *management of advance payments - reimbursement of expenses*: the Company lays down the conditions for granting advance payments to members of staff, for reporting expenses, and for checking and confirming the expenses incurred by members of staff in the performance of their duties;

- *recovery of defaulted debts*: the Company lays down the steps that must be followed to recover watchlist-bad debts. The procedures to follow for the fund for doubtful receivables are set out;

- *credit cards granted to members of staff*: the Company lays down the methods for managing Company credit cards bearing employees names, granted to the same;

4.9. Information and Training

4.9.1. Information

In order to guarantee the efficacy of the Model, Ferretti S.p.a. pursues the objective to ensure that all its recipients are duly informed on the Model itself - including based on their various level of involvement with sensitive processes.

To this end, Ferretti S.p.a. will ensure that the Model is disseminated by taking the following general actions:

- creation, and constant updating, of a section dedicated to the Model in its official website, onto which all the documents pertaining to the Organisation, Management, and Control Model are loaded so as to be available to anyone within the Company. contents that essentially pertain (*sic*):

At the time in which the Model is adopted and any time it is updated, all the members of staff are sent a communication - by the appointed bodies (e.g. office of the President, General Management, etc.) - describing the content of the Model and any changes thereto, with links to a dedicated section in the Company's Intranet for additional details and further information.

Newly hired members of staff are handed information notice on the Model adopted containing a note, within the body of the letter of employment, dedicated to the Decree and the characteristics of the Model adopted by the Company.

4.9.2. Information to External Associates and Partners

Any party outside the organisation of the Company (advisers, partners, etc.) shall be appropriately informed on the fact that Ferretti S.pa. adopted a Model which includes Code of Ethics. To this end, Ferretti S.p.a. will inform all said advisers or partners with respect to the existence of the Model and the Code of Ethics, which can be read by the same as they will be attached to contractual terms and conditions.

Said advisers or partners will be required to undertake to comply with the provisions contained in the Model and in the Code of Ethics, by signing a contractual clause expressing such commitment.

As to any external advisers who provide their services to Ferretti S.p.a. on an on-going basis, the Company will make sure to contact said external advisers and make sure, by conducting detailed reviews, that said advisers are familiar with the Company's Model and formally undertake to comply therewith.

4.9.3. Information to Group Companies

The Group Companies must be informed on the content of the Model and of Ferretti S.p.A.'s interest in ensuring that all such related companies comply with the provisions of the Decree. To this end, the adoption of the Model shall be formally communicated to all said companies at the time of its adoption by the Board of Directors.

4.9.4. Training

4.9.4.1. Training to Staff in "Senior Management" Positions

The training provided to staff in *senior management* positions, including the members of the Supervisory Body, is based on training and refresher courses which participation and attendance are mandatory and include a final test to assess the quality of the training received.

Training and refresher courses are scheduled at the start of the year, and for new members of the Board of Directors, or any newly-hired members of staff occupying "senior management" positions, this is also done through a notice included in the letter of employment.

The training offered to individuals who hold "senior management" positions is divided in two parts: a "general" part and a "specific" part.

The "general" part contains

- regulatory framework, case-law, and best practice;
- administrative liability of entities: purpose, rationale of the Decree, nature of liability, new laws or regulations;
- recipients of the Decree;
- grounds for the allocation of liability;
- description of predicate crimes;
- types of penalties entities may be subject to;

- conditions for exclusion of liability or limitation of liability.

Training sessions will also include the following activities:

- raising awareness among the attendees as to the importance Ferretti S.p.a. places on the adoption of a risk management and monitoring system;
- description of the structure and content of the Model adopted, and the methodological approach followed for its creation and updating.

Within the scope of training activities regarding the “specific” part, special attention is given to

- a detailed description of the single criminal offences;
- identification of perpetrators of crimes;
- examples of manners in which crimes may be committed;
- analysis of the penalties that can be imposed;
- a connection between individual criminal offences and the specific risk areas found;
- specific prevention protocols defined by the Company to avoid incurring in the at-risk areas identified;
- description of the conduct that should be adopted for the communication to and training of subordinate members of staff , with special attention to staff operating in areas identified as sensitive;
- description of the conduct that should be adopted in dealings with the SB in terms of communication, reports, and collaboration with supervisory activities and in the updating of the Model;
- raising awareness among the persons in charge of the Company's functions which are potentially exposed to the risk of crime and subordinate members of staff, with regard to the conduct to be held, the consequences arising out of failure to comply with the same, and in general, with the Model adopted by Ferretti S.p.a.

4.9.4.2. Training of Other Staff

The training of the remaining categories of staff starts with an internal notice, which, for newly hired members of staff, will be attached to their respective letters of employment.

For the purpose of providing appropriate training, the persons in charge of each function, in close collaboration with the Supervisory Body, will see to the dissemination of the model by providing training and refresher courses, duly scheduled and structured - in terms of contents - at the start of the year.

The training offered to individuals other than staff in “senior management” positions, is divided in two parts: a “general” part and a “specific” part, either prospective and/or partial.

The “general” part must provide information on

- regulatory framework, case-law, and best practice;
- administrative liability of entities: purpose, rationale of the Decree, nature of liability, new laws or regulations;
- recipients of the Decree;
- grounds for the allocation of liability;
- description of predicate crimes;
- types of penalties entities may be subject to;
- conditions for exclusion of liability or limitation of liability.

Training sessions will also include the following activities:

- raising awareness among the attendees as to the importance Ferretti S.p.a. places on the adoption of a risk management and monitoring system;
- description of the structure and content of the Model adopted, and the methodological approach followed for its creation and updating.

Within the scope of training activities regarding the “specific” part, special attention is given to

- a detailed description of the single criminal offences;
- identification of perpetrators of crimes;
- examples of manners in which crimes may be committed;
- analysis of the penalties that can be imposed;
- a connection between individual criminal offences and the specific risk areas found;
- specific prevention protocols defined by the Company to avoid incurring in the at-risk areas identified;
- description of the conduct that should be adopted for the communication to and training of subordinate members of staff , with special attention to staff operating in areas identified as sensitive;
- description of the conduct that should be adopted in dealings with the SB in terms of communication, reports, and collaboration with supervisory activities and in the updating of the Model;
- raising awareness among the persons in charge of the Company's functions which are potentially exposed to the risk of crime and subordinate members of staff, with regard to the conduct to be

held, the consequences arising out of failure to comply with the same, and in general, with the Model adopted by Ferretti S.p.a.

As to any training pertaining to the "specific" part, we must note that it shall be provided exclusively to the members of staff who are actually exposed to the risk of engaging in conducts under Legislative Decree No. 231 of 2001, and limited to the at-risk areas with which they may engage.

On-line training modules may be completed within a specific period of time, and the staff taking said on-line course must provide, as evidence of completion, the electronic self-certification issued.

4.10. Penalty System

The preparation of an effective penalty system applicable to the violation of the provisions of the Model is an essential condition to ensure the efficacy of the Model itself.

In this regard, Article 6, paragraph 2, letter *e*, and Article 7, paragraph 4, letter *b* of the Decree provide that the Model must «*introduce a disciplinary system that is suitable to penalise failures to comply with the measures provided in the Model*».

The application of disciplinary measures laid down under the Decree shall be independent of the outcome of any criminal proceedings, where in place, as the rules set out under the Model and the Code of Ethics are adopted by Ferretti S.p.a. in full autonomy, irrespective of the type of criminal offence which may be entailed in a violation of the Model or the Code of Ethics.

Ferretti S.p.a. uses a penalty system that

- differs, in terms of its application and consequences, according to the type of recipients, and namely according to whether these are members of the "senior management", employees, external associates, or partners;
- clearly identifies the disciplinary measures to be adopted against those who engage in violations, breaches, circumvention of rules, flawed or partial application of the rules contained in the Model, in compliance with the relevant provisions of the National Collective Bargaining Agreement, and the applicable provisions of law;
- lays down a dedicated procedure for the application of said penalties, identifying the party in charge of said application and, in general, of overseeing the compliance, application, and updating of the disciplinary system;
- introduces appropriate methods for publication and dissemination.

Ferretti S.p.a. drew up and applied the penalty system in line with the above principles, and it forms an integral and substantive part of the Model, attached to it under "Annex 4".

4.11. Supervisory Body

In compliance with the provisions of Article 6, paragraph 1, letter b of the Decree, which establishes that the task of overseeing the operation of and compliance with the Model and curating the updating thereof should be entrusted to a Company body vested with independent powers of initiative and control, and namely the Supervisory Body.

The autonomy and independence required under the above provision entail that, in the performance of its duties, the Supervisory Body's functional position is on equal footing with that of the entire Board of Directors and the Board of Auditors.

In consideration of the specific character of the tasks entrusted to the SB - called to carry out the supervisory and control functions established in the Model - said tasks are assigned to a collective body *ad hoc*, established by the Board of Directors as per the resolution for approval of the Model.

Specifically, the Supervisory Body is asked to oversee

- the efficacy and suitability of the Model with respect to the Company's structure and its effective capacity to prevent the commission of the Crimes;
- the actual compliance of the provisions of the Model by the Corporate Bodies, the Employees, and the other Recipients, in the latter case also through the competent internal functions;
- the need to update the Model, where the need to update the same emerge in connection to changes within the Company and/or new or amended legislation.

In the performance of its supervision and control duties, the SB of the Company is normally assisted by all the internal functions, and may use the assistance of other external professionals and functions which may be required on a case-by-case basis.

4.11.1. Architecture and Composition of the Supervisory Body

Legal doctrine and practice have produced a number of different solutions with regard to the possible architecture and composition of the SB, taking also into consideration the size of a given entity, its corporate governance rules, and the need to achieve a fair balance between costs and benefits.

In this respect, the Board of Directors analysed the solutions proposed by trade associations and the Company's legal and organisational advisers, in order to identify their relevant strengths and any possible drawbacks presented by said solutions.

For the purpose of choosing a Supervisory Body, the Company found it advisable to assess, for each solution proposed, whether the following characteristics were in place:

- autonomy and independence of the body itself and the single members thereof, intended as
    - functional subjective autonomy of the supervisory body;
    - autonomous powers of initiative and control vested in the supervisory body;
    - absence of operating tasks;
    - position not subordinate to the Board of Directors;
    - possibility to interact directly with the Board of Auditors;

- professionalism and integrity, intended as the wealth of experience, tools, and technical skills which the Supervisory Body - through its single members - must possess;
    - appropriate specialised competence in auditing and consultancy activities (statistical sampling, risk assessment and analysis techniques, measures to minimise risks, flow charting for procedures and processes, knowledge of accounting and administrative legal aspects and techniques, etc.);
- on-going action, which is possible through the presence of a structure dedicated exclusively and on a full-time basis to the supervisory activity.

In consideration of the above elements, and with specific regard to the structure and operations of the Company, the Board of Directors found that the solution that can best ensure compliance with the provisions of the Decree is that of granting the tasks and powers of the Supervisory Body, pursuant to Legislative Decree 231/2001, to a collective body established *ad hoc*, and formed by 3 members.

Such Body, in turn, will set out rules for its own operation, formally laid down in a dedicated regulation, and the processes for handling the necessary information flows (see "Regulation of the Supervisory Body" on this regard).

With the resolution approving the Model and appointing the Supervisory Body, the latter was irreversibly granted the financial means necessary to best perform its tasks. The Body's spending powers is established in compliance with the applicable internal processes in place.

4.11.2 Term of office, removal from office, and replacement of the members of the Supervisory Body

The Board of Directors appointed the members of the Supervisory Body by resolution, and established the duration of the Supervisory Body' term of office.

The members of the Body are appointed and remain in office for the entire duration of the appointment irrespective of any variations in the composition of the Board of Directors that appointed them. This principle does not apply where the composition of the Board of Directors changes on account of the occurrence of criminal offences which gave rise (or may give rise) to the Company's liability, in which case the newly elected Board of Directors will decide on the composition of the Supervisory Body.

The Board of Directors shall also be responsible for periodically assessing the suitability of the Supervisory Body in terms of organisational structure and powers granted, making, by resolution, any changes and/or additions as may be deemed necessary.

For the purpose of assessing whether or not the Supervisory Body meets the requirements of autonomy, independence, integrity, and professionalism, at the time of their appointment and for the entire duration of their office, the members of the Supervisory Body cannot

- hold any executive roles or delegated appointments within the Board of Directors of the Company;

- have any relevant business dealings11 with the Company - except for any pre-existing subordinate employment relationship - or have any relevant business dealings with the Company's directors with delegated powers (executive directors);
- be a family member of the executive directors or of one of the Shareholders of the Company;
- own, directly or indirectly, any shareholdings exceeding 5% of the Company's share capital with voting rights, or join any shareholders' agreements with object or effect is to exercise control over the Company;
- have been found guilty, or be under investigation, for the Crimes which the Model aims to prevent.

The members of the Supervisory Body are under obligation to immediately inform the Board of Directors and the SB itself as soon as any of the above disqualification conditions arises.

Removal from office occurs - in addition to the case death - when a member of the Supervisory Body

- falls within the scope of the disqualification conditions listed above;
- is declared incapacitated, debarred, or disqualified under the law;
- is sentenced to a penalty involving the prohibition, including temporary, from holding public offices, or the inability to perform executive roles.

When the eligibility, integrity, and professionalism required for the office of member of the Supervisory Body are no longer met by a member of said Body, the same will be automatically removed from office.

Without prejudice to the cases for which removal from office is automatic, the appointment of the members of the Supervisory Body may not be revoked by the Board of Directors unless it is for just cause. Just causes for revocation include

- failure to attend more than two consecutive meetings without a justified reason;
- termination of employment, where the member of the Supervisory Body is also employed by the Company or one of its subsidiary or affiliated companies;
- being subject to debarring or disqualification procedures, or insolvency proceedings;
- being indicted in criminal proceedings, where charges include crimes that are subject to a penalty entailing the prohibition, including temporary, from holding public offices, or the inability to perform executive roles;
- any case where it becomes impossible for a member of the Supervisory Body to carry out their duties.

[11] A business dealing is deemed "relevant" when they exceed 15% of the turnover of said member or of the firm said member is associated with.

Where a member of the Supervisory Body resigns or the conditions for automatic removal from office apply, said member will promptly inform the Board of Directors, which will take the appropriate decisions without delay, appointing a new member of the Supervisory Body.

The President, or most senior member of the SB, is under obligation to promptly inform the Board of Directors of the occurrence of one of the events or circumstances that require the replacement of one of the members of the SB.

The Supervisory Body is removed from office as a whole, meaning that all the members thereof are removed from office, where - due to resignations or any other cause - the majority of the members thereof are no longer in office. In this case, the Board of Directors appoints afresh all the members of the Board of Directors.

For at least two years from the end of their term of office, the members of the Supervisory Body cannot have any relevant business dealings with the Company or with any of its subsidiary of affiliated companies, with the exception of subordinate employment where said employment was pre-existing their appointment as member of the SB.

The term "business dealings" shall not include subordinate employment (or advisory services provided on an exclusive basis), organic representation, being a member of boards of directors, carrying out auditing activities as members of the board of auditors or external auditors, within the scope of the Company, where said appointments or assignments were already in place, even for different positions, prior to their appointment as member of the Supervisory Body.

4.11.3 Reporting to Corporate Bodies

The Supervisory Body reports directly to the Board of Directors and the Board of Auditors on matters concerning the implementation of the Model and any shortcomings detected. In order to fully comply with the Decree, the Supervisory Body reports directly to the Board of Directors, so as to guarantee its full autonomy and independence in the performance of the tasks assigned.

The Supervisory Body once a year provides to the Board of Directors and the Board of Auditors its annual activities plan for the following year, and a report on the activities carried out in the past year, providing reasons for any variations between the activities planned and those performed.

The report concerns the activity carried out by the SB and any shortcomings emerged in terms of Company-internal events or conduct, and in terms of efficacy of the Model.

The Supervisory Body makes recommendations to the Board of Directors on the basis of the shortcomings detected, as to the corrective actions it deems appropriate to improve the efficacy of the Model.

In cases of urgency or when requested by one of the members, the Supervisory Body is under obligation to immediately report any shortcomings directors to the Board of Directors and the Board of Auditors.

The Board of Auditors and the Board of Directors have the right to call the SB at any time.

The Supervisory Body must additionally coordinate with the competent functions of the Company for specific subject matters.

4.11.4. Information Flows

The Supervisory Body must be kept informed, through information flows sent by Directors, Auditors, Senior Management, and subordinate members of staff, of any events which may lead the Company to be held liable under Legislative Decree 231/2001.

Said "Information Flows" concern information/data/news identified by the Supervisory Body and/or periodically requested by the latter of the Members of Staff of the Company; such information must be sent within the time-frames and in the manners laid down by the Supervisory Body ("Information Flows").

In any case, the following information must be provided to the Supervisory Body:

- Documentation pertaining to the approval of the financial statements (financial statements, reports and notes by internal bodies and functions);
- Changes to the Company's organisational chart and role map;
- Changes to the system of delegated powers and authorities;
- Extraordinary operations;
- New products or services;
- Inspection reports drawn up by public or supervisory authorities (Local Health Authority, Regional Agency for the Protection of the Environment, Firefighters Corps, Revenue Agency, etc.);
- Decisions and/or news originating from police authorities, the Judicial Authority, or any other authority, indicating that investigations concerning the Crimes are in progress, also involving the Company, members of the Company's Senior Management or Subordinate members of staff or persons unknown (in compliance with the applicable laws and regulations on privacy and protection of investigation secrecy);
- Reports drafted by Corporate Bodies within the scope of their auditing activities, which may expose events, incidents, acts or omissions presenting a risk regarding the administrative liability of entities under the Decree with respect to the Company;
- Disciplinary measures for any breaches of the Model, the Code of Ethics and/or Company policies;
- News regarding emergency situations concerning occupational health and safety and concerning the environment;
- Accidents in the workplace and relative incidents;

- Environmental crimes and relative incidents.

With regard to the method for transmission of the information/data/news, the following rules apply.

Information flows must be received by the Supervisory Body and be sent by the heads of the various corporate functions in the manners indicated by the Supervisory Body, including via e-mail, to odv@ferrettigroup.com.

4.11.5. Reports and Whistleblowing

The Supervisory Body must be informed by the Recipients on a case-by-case basis in connection to any other information, of any kind whatsoever, including when originating from third parties, and pertaining to the implementation and violation of the Model in the Areas exposed to the risk of crime, and to the compliance with the provisions of the Decree, which may be useful for the purpose of performing the tasks assigned to the Supervisory Body "**Reports**").

The following circumstances must be reported:

- criminal offences under Legislative Decree No. 231/01;
- breaches of the Model, the Code of Ethics, or the preventive Protocols, which may lead to the risk of penalties for the Company under the Decree;
- suspected breaches of the Model, the Code of Ethics, or the preventive Protocols, which may lead to the risk of penalties for the Company under the Decree;
- corporate or business operations providing grounds to suspect that the Company may be exposed to the risk of penalties under the Decree.

Reports concerning any proof or suspicion of breaches of the Model, the Code of Ethics, or the Preventive Protocols must be sent through the dedicated reporting system set in place by the Company , including the dedicated e-mail box odv@ferrettigroup.com.

The methods to assess and manage reports are regulated under a specific procedure (Annex 6 to the General Part of the Model, "*SB Reporting Procedure ("Whistleblowing)*") and the operating Regulation of the Supervisory Body.

4.11.5.1. Obligations and Requirements of the Reporting System (Whistleblowing[12])

All the Recipients (including, but not limited to Senior Management, Subordinate members of staff and third parties who operate in the interest or to the advantage of the Company) have the obligation, in order to protect the integrity of the Company, to provide detailed reports on any unlawful conduct under Legislative Decree 231/2001, which, in good faith and on the basis of a reasonable conviction grounded

[12] Provisions for the protection of authors of reports of any crime or irregular conduct of which they have gained knowledge within the scope of private or public employment (draft law approved by the Chamber of Deputies on 21 January 2016 (see Senate printout No. 2008) modified by the Senate of the Republic on 18 October 2017)

on elements of fact, they believe to have taken place, or on any breaches of the Organisation and Management Model adopted by the Company of which they have gained knowledge by reason of the duties they carry out.

Said Reports must contain detailed information and be based on specific and consistent elements of fact.

The Whistleblowing reporting System is organised through a specific procedure (Annex 6 to the General Part of the Model, "*SB Reporting Procedure (Whistleblowing)*"), and an alternative communication/reporting channel, other than the one used to send information flows (which are internal to the information and telecommunication channels used within the Company), suitable to ensure, through information technology, that the identity of the reporting party will remain undisclosed.

In this light, the channel designed is an email box accessible exclusively to the members of the Supervisory Body (thus ensuring the anonymity of the Reporting Party with respect to its colleagues within the Company).

The Recipients who are members of the Senior Management are barred from engaging in any retaliation or discrimination - whether direct or indirect -against the Reporting Party on account of any reasons directly or indirectly connected to their report.

4.11.5.2. Secrecy Regulations

In the event of a report submitted in the manners and within the limits provided for in this 231 Model, as detailed in the Whistleblowing procedure, the pursuit of the interest in the integrity of public and private administrations, and in the prevention and suppression of misappropriation of assets and other criminal offences, constitutes a just cause to reveal news covered by the secrecy obligations under Articles 326, 622, and 623 of the Criminal Code, and Article 2105 of the Civil Code (as provided for by the applicable law).

Where the news and documents communicated to the body in charge of receiving them (under the procedure for the management of reports) are covered by business secrecy, client-attorney privilege or professional secrecy, the disclosure of such news and documents will be deemed an infringement of the relevant secrecy or privilege obligations when the method for such disclosure exceeds the purpose of removing a criminal offence; this applies in particular to disclosing such news and documents outside the channel of communication specifically dedicated to said end.

The obligation to comply with professional secrecy and client-attorney privilege continues to apply for anyone who acquires any piece of information on account of the professional advisory or assistance relationship they have with the Company or with the bodies and functions in charge of managing reports, which - in compliance with the procedure in place (Annex 6 of the General Part of the Model, "*SB Reporting Procedure (Whistleblowing)*") and within the scope of their own autonomy and independence - requested specialised opinions in such matters.

4.11.6. Books of the Supervisory Body

The SB lays down, through its own regulation, the processes for recording all the activities they carry out; these processes take into account the confidentiality obligations in respect of the names of any reporting parties, the enquiries conducted to establish the facts, and the right of the Board of Directors and the Board of Auditors to only refer to the minutes of meetings and periodic reports.

4.12. Responsibilities for the approval, transposition, integration and implementation of the Model

According to Article 6, paragraph 1, letter a Legislative Decree 231/2001, the adoption and effective implementation of the Model originate from and rest within the sphere of competence of the Company's top management.
The Board of Directors is therefore responsible, and has therefore the power for approving and making additions and amendments by resolution, the principles and provisions enunciated in this Model and its annexes, which constitute an integral and substantive part thereof.

Any amendments of or additions to the Model shall be within the sphere of competence of the Chief Executive Officer, though acting at the prompting of the SB, which presents said amendments or additions to the BoD on a yearly basis for approval and permanent transposition of the same.

Any changes to single Prevention Protocol (procedures, codes of conduct, company rules, etc.) may be approved by the individuals vested with power of attorney and appointed to such end under the system of delegated powers and authorities in place.

The Chief Executive Officer will then take action and engage in the implementation of the Model, by assessing and approving the actions necessary to implement the fundamental elements of the Model itself. In order to identify said actions, the Chief Executive Office will use the assistance and the collaboration of the SB.

The Chief Executive Officer must also ensure the implementation and actual compliance with the Protocols within the Company's areas exposed to risk.
To this end, the Chief Executive Officer uses the assistance of

- the persons in charge of the various organisational structures of the Company in connection to the activities exposed to the risk of crime carried out by said structures;
- the SB, who is vested with autonomous powers of initiative and control over the Activities exposed to risk.

5. HISTORY AND PRESENTATION OF THE COMPANY

5.1 Brief overview of the main events of the Company's history

Ferretti was founded in 1968, from a family-owned business operating in the car dealership sector who decided to expand its activities to the nautical sector, acquiring the right to distribute a US brand in Italy.

The first vessel built by the Company dates back to 1971, and in 1975 the Company inaugurates the shipyard of San Giovanni in Marignano; in 1987 the Company opens a shipyard in Forlì, which then became the headquarters for the group.

From the second half of the 1990s, thanks also to an influx of capital from investment funds, the Company starts to expand by acquiring other companies within the same sector. For two and a half years, from June 2000 to January 2003, the Company was listed in the Milan stock exchange.

From January 2012 the majority share of Ferretti was bought by the Chinese group Shandong Heavy Industry Group-Weichai Group.

The Ferretti Group, of which Ferretti SpA is a part, is a world leader in the design, construction, and marketing of luxury yachts, and boasts one of the most advanced nautical design and research centres in the world, with about 2000 employees and 6 production units in Italy.

Competence and stability, but also dynamism and enthusiasm, are the added values that allow Ferretti S.p.A. to always guarantee maximum flexibility, speed, and competitiveness, in addition to its offer of bespoken services.

5.2 Activities

The Company operates in the world market as a leader in the manufacturing and marketing of luxury watercrafts.

Its broad range of watercrafts offered is conceived by the Product Committee of Ferretti S.p.A. and its Engineering Department.

The Company's objective is to develop aesthetically and functionally innovative solutions, working in close collaboration with world-renowned architects from outside the Company.

For this reason, the watercrafts created by Ferretti S.p.A. stand out for their high quality and safety, and great performance at sea, in addition to their exclusive design and time-less style, making them immediately recognisable in the nautical scene worldwide.

5.3. Turnover, Plans and Projects from 1968 to Today

Ferretti went through a significant growth in terms of turnover as well as resources in consequence of the investment brought in by the Shandong Heavy Industry Group-Weichai Group, which ranks among the most competitive groups operating in the manufacturing of engines in China, and creator of an extensive range of high-quality commercial vehicles, construction machinery, and other heavy industry products.

Ferretti optimised its production costs, strengthening its commercial channels, post-sale services, and financial stability, creating competitive advantages to further consolidate its leadership position in the luxury yacht market worldwide.

Ferretti aims at attaining a number of objectives, including an expansion in the Asian market and emerging markets, and strengthen its position in the European and American markets.

Its strategic objectives can be reached thanks to the work and professionalism of all its employees and senior management, who, appropriately trained and skilled, and directly taking part in the quality-improvement plan - thanks to delegated responsibilities - operate from the headquarters and construction and operating facilities in Italy equipped with the most innovative technology:

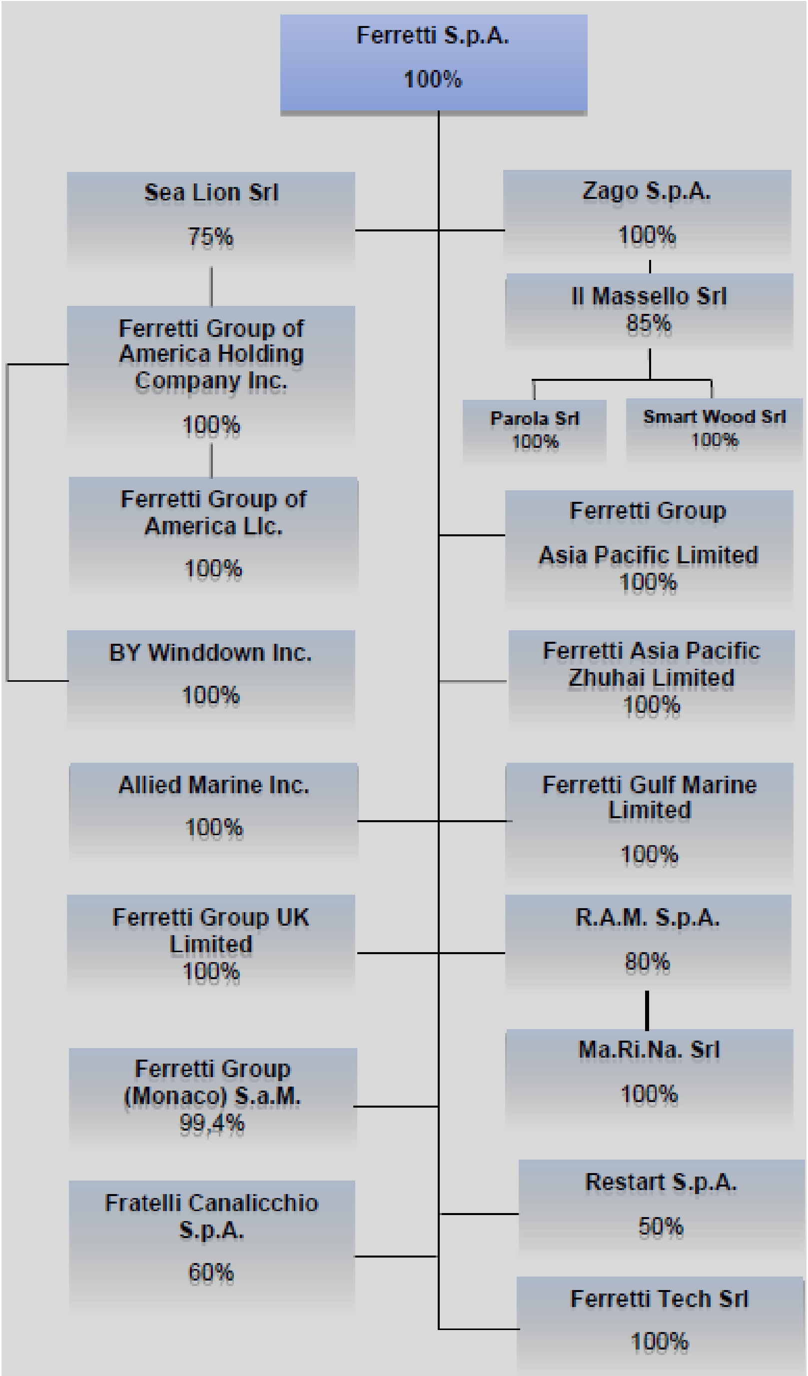
- Forli, via Ansaldo n. 4, 7, 9° - 9B, 10, 11;
- Cattolica, via Irma Bandiera n. 62;
- Cattolica, frazione Marina di Cattolica, via Caboto n. 47481
- Sarnico, via Predore n. 30;
- La Spezia, via San Bartolomeo n. 380;
- Cesenatico, via A. Doria n. 5F;
- Mondolfo, via J.J. Pershing n. 1;
- Ancona, via E.Mattei n. 26.

In addition, the Company completed its planning, preparation, and exploration activities aimed at being listed in the Stock Exchange, IPO. From Thursday, 31 March 2022 Ferretti S.p.A. is listed in the Hong Kong Stock Exchange, with a total offer of 83,580,000 shares (global offer).

6. STRUCTURE OF THE COMPANY

The structure of the Ferretti Group, where Ferretti S.p.A. is the parent company, is illustrated below.

GROUP CHART



7. EXTENSION AND APPLICATION OF FERRETTI SPA'S MODEL TO THE OTHER SUBSIDIARY COMPANIES

The Ferretti Group is a transnational group, and as such it is exposed to specific risks in connection to the geographic dispersion of its activities, the decentralisation of its decision-making processes, a growing range of frequency, volume, and complexity of its financial operations, in addition to the legislative differences between the various jurisdictions where the various companies operate, which necessarily entail dealing with different legal and penalty systems and correctional mechanisms.

All of these elements were suitably addressed when the Ferretti Group decided to operate in accordance with ethical principles designed to guide the activities of all its subsidiaries, their corporate object, and growth in compliance with the laws applicable in their respective jurisdictions.

To this end, the Ferretti Group adopted a Code of Ethics aimed at laying down a series of principles of conduct which the Companies within the Group acknowledge as their own, which compliance is expected of corporate bodies, employees, and anyone who collaborate or cooperate in any capacity in the various activities of the Group Companies.

Therefore, the Code of Ethics has a general scope and can be adopted independently by the Group Companies, whereas the Organisational Model addresses the specific requirements of preventing the crimes listed in Legislative Decree 231/2001.

However, given that the code of Ethics touches on principles of conduct that are suitable to prevent the criminal offences under Legislative Decree 231/2001, the Code itself becomes relevant for the purposes of the Model, and is an integral part thereof.

The Boards of Directors and the senior management bodies at the helm of each company, including foreign companies, controlled by Ferretti S.p.A., are responsible for seeing to the adoption, by resolution, on the basis of the criteria, directives, or indications as may be given by the President of the Board of Directors of the Parent Company, of their own Organisational Model, guided by the content of this Model and the documentation attached thereto, the Code of Ethics, the prevention Protocols established therein , which then become mutually shared values among all the subsidiary Companies, based on the risk analysis carried out for each of the subsidiaries.

In the performance of its coordination and management function, the Parent Company, Ferretti S.p.a. therefore invites all the Group Companies to adopt their own Organisational Model in line with this Model and with anything therein contained, with the exception of the provisions regarding the Supervisory Body, which may be adapted to each company in accordance with criteria of proportionality, in accordance with the legislation and legal systems of the nations in which said companies have their registered offices.

Ferretti S.p.a. then informs the administrative bodies of each single subsidiary Company, in the manners it shall deem opportune, of any amendment and updates to the Model and to anything attached or annexed thereto.

Pending the adoption of an organisational Model by every company within the Ferretti Group, or where the local laws and regulations doesn't include any legislation equivalent to Legislative Decree 231/2001, each company will adopt the Code of Ethics in its entirety, and, where compatible, the system for the prevention of predicate crimes, adopting any prevention protocols (organisational procedures, regulations, policies) in line with those adopted by the Parent Company, based also on the provisions of the Ferretti S.p.a. business ethics and integrity agreement.