

**ORGANISATION, MANAGEMENT AND
CONTROL MODEL PURSUANT TO
LEGISLATIVE DECREE no. 231 /2001**

Approved by the Board of Directors of Mosaico+ S.r.l. on 28 March 2023

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Attached documents:

Attachment 1: The administrative crimes and offences of Legislative Decree no. 231/2001
[OMISSIS]

**ORGANISATION, MANAGEMENT AND CONTROL MODEL
PURSUANT TO LEG. DECREE NO. 231/2001**

GENERAL PART



CHAPTER 1

DESCRIPTION OF THE REGULATORY FRAMEWORK

1.1 Introduction

Italian legislative decree no. 231 of 8 June 2001 (hereinafter, “Leg. Decree no. 231/2001” or “Leg. Decree no. 231 of 2001” or the “Decree”), in implementation of the mandate granted to the Government with Art. 11 of Law no. 300 of 29 September 2000¹, introduced into Italian law the regulations on liability of entities for administrative offences resulting from a crime, which is accompanied by criminal liability of the natural person who has committed the crime. According to said regulations, companies may be considered liable, and may therefore be punished, through the application of financial penalties or disqualification measures, in relation to certain crimes committed or attempted, in the interest or to the benefit of the company itself, by directors or employees.

Liability of the company is excluded when it has adopted, and efficiently implemented, before the crimes are committed, an appropriate Organisation, Management and Control Model (hereinafter, also “Model 231” or the “Model”) for preventing said crimes.

Although the principle of the personal nature of criminal liability has not been formally amended, the regulations contained in Leg. Decree no. 231/2001 adds possible compensation of damages and the civil obligation of payment of fines imposed on natural persons, in the case of insolvency of the actual perpetrator of the crime (Arts. 196 and 197 of the Italian Criminal Code). Leg. Decree no. 231/2001 amends Italian law in the sense that companies are not unaffected by the consequences of any criminal proceedings concerning crimes committed to their benefit or in their interest.

1.2 Nature of liability

The descriptive report of Leg. Decree no. 231/2001 emphasises the “*introduction of a tertium genus that combines the essential features of the criminal system and the administrative one, in an attempt to reconcile the reasons of preventive efficacy with those, even more unavoidable, of maximum guarantee*”.

¹ Leg. Decree no. 231/2001 was published in Official Journal no. 140 on 19 June 2001, and Law no. 300/2000 was published in Official Journal no. 250 on 25 October 2000.

Leg. Decree no. 231 of 2001 did, in fact, introduce into the Italian legal system, a form of “administrative” liability of companies, in accordance with the provision of Art. 27 of the Constitution, but with numerous points of contact with liability of the “criminal” type.

This observation is confirmed in the identifying elements of the new type of administrative liability of companies: the afflictive nature of the penalties that may be imposed on the company and the fact that said liability originates from committing of a crime is ascertained in criminal proceedings and is therefore supported by the guarantees inherent to those proceedings.

1.3 Types of crimes

The significant crimes that are considered to involve administrative liability of companies are solely those expressly listed in the Decree² and may be comprised within the following categories:

1. crimes against the public administration, envisaged by Arts. 24 and 25 of the Decree, subsequently amended by Law no. 190/2012, by Law no. 161/2017, by Law no. 3/2019 and by Leg. Decree no. 75/2020. The crimes against the public administration that involve administrative liability of the company include, among others: embezzlement of public funds (Art. 316-*bis* C.P. [Criminal Code]), undue receipt of public funds (Art. 316-*ter* C.P.), fraud (Art. 640, p. 2, no. 1, C.P.), aggravated fraud to obtain public funds (Art. 640-*bis* C.P.), cyber fraud (Art. 640-*ter* C.P.), fraud in public-sector supplies (Art. 356 C.P.), the various crimes of corruption (Arts. 318, 319, 319-*bis*, 319-*ter*, 320, 321 and 322 C.P.), illegal inducement to give or promise benefits (Art. 319-*quater* C.P.), influence peddling (Art. 346-*bis* C.P.) and misappropriation (Art. 314, p. 1, and Art. 316 C.P.);

² It should be noted that the analysis that resulted in preparation of this document did not relate to the offences that have become significant pursuant to (i) Leg. Decree no. 195/2021 “Implementation of Directive (EU) 2018/1673 of the European Parliament and Council of 23 October 2018, on combating money laundering by criminal law”, (ii) Leg. Decree no. 184/2021 “Implementation of Directive (EU) 2019/713 of the European Parliament and Council of 17 April 2019, on combating fraud and counterfeiting of non-cash means of payment and replacing Council Framework Decision 2001/413/JHA”, (iii) Decree Law no. 13/ 2022 “Urgent measures to combat fraud and for safety in the workplace in the building industry, and also on the electricity produced by industrial plants from renewable sources”, and (iv) Law no. 22/2022 “Provisions on crimes against the cultural heritage”, which will be the subject of further analysis.

2. crimes against public faith (such as the counterfeiting of coinage, legal tender and revenue stamps, the counterfeiting, alteration or use of trademarks or distinctive marks or of patents, models and designs, and also the introduction into the State and sale of products with counterfeit marks), introduced into the Decree by Art. 6 of Leg. Decree no. 350/2001, converted into law, with amendments, by Art. 1 of Law no. 409/2001, containing “*Urgent provisions in view of introduction of the Euro*” and indexed in Art. 25-*bis*, subsequently amended by Law no. 99/2009 and by Leg. Decree no. 125/2016);
3. corporate crimes (such as false corporate disclosures, impeding control, unlawful influence on the shareholders' meeting and hindering supervisory public authorities in performance of their functions), introduced into the Decree by Leg. Decree no. 61/2002 and indexed in Art. 25-*ter*, subsequently amended by Law no. 262/2005 (which added the crime of failure to disclose a conflict of interest), by Law no. 190/2012 (which added the crime of corruption between private individuals) and by Law no. 69/2015 and Leg. Decree no. 38/2017 (which added the crime of inciting corruption between private individuals);
4. crimes committed for the purpose of terrorism or subversion of the democratic order (including financing of said purposes), introduced into the Decree by Law no. 7/2003 and indicated in Art. 25-*quater*;
5. crimes against the individual (such as exploitation of prostitution, child pornography, people trafficking, reducing to or maintaining in slavery or servitude and unlawful brokering and exploitation of labour), introduced into the Decree by Law no. 228/2003 and indicated in Art. 25-*quinquies*, subsequently amended by Law no. 38/2006, by Law no. 199/2016 and by Leg. Decree no. 21/2018);
6. crimes of market abuse (abuse or unlawful disclosure of inside information, recommending or inducing others to engage in abuse of inside information and market manipulation), introduced into the Decree by Law no. 62/2005 and indicated by Art. 25-*sexies*, subsequently amended by Leg. Decree no. 107/2018, and also the other cases of market abuse envisaged by Art. 187-*quinquies* of Leg. Decree no. 58/1998 (“TUF”), subsequently amended by Leg. Decree no. 107/2018;

7. practices of mutilation of female genital organs, introduced into the Decree by Law no. 7/2006 and referenced by Art. 25-*quater.1*;
8. transnational crimes (such as, if committed in a transnational manner, conspiracy for purposes of illegal trafficking of mood-altering or psychotropic drugs, criminal conspiracy and Mafia-type crime syndicates), indicated by Art. 10 of Law no. 146/2006, on “ratification and implementation of the United Nations Convention and Protocols against Transnational Organised Crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001”;
9. crimes of involuntary manslaughter and serious or grievous bodily harm, committed by infringing workplace health and safety regulations (as referred to in Arts. 589 and 590, third paragraph, of the Italian Criminal Code), added to the Decree by Law no. 123/2007 and indicated in Art. 25-*septies*, subsequently amended by Law no. 3/2018;
10. crimes of handling stolen goods, money laundering and use of money, assets or other ill-gotten gains, introduced into the Decree by Leg. Decree no. 231/2007 and indicated in Art. 25-*octies*, subsequently amended by Law no. 186/2014 (which added the crime of self-laundering);
11. crimes involving non-cash means of payment, introduced into the Decree by Leg. Decree no. 184/2021 and indicated in Art. 25-*octies.1*. Administrative liability of the company is envisaged in relation to the crimes referred to in Arts. 493-*ter*, 493-*quater* and 640-*ter* of the Criminal Code, when aggravated by a transfer of cash, monetary value or virtual currency, and any other crime against public faith, against property or that damages property, when the means used are non-cash means of payment;
12. cyber crimes and unlawful processing of data (such as malicious hacking of an IT or data transmission system, the unlawful possession, distribution and installation of equipment, codes and other means of access to IT or data transmission systems, the unlawful possession, distribution and installation of equipment, devices or computer programs intended to damage or shut down an IT or data transmission system, the unlawful wire-tapping, obstruction or shut-down of IT or data transmission communications, damage to electronic information, data and computer programs or electronic information, data and computer programs used by the State or by another public organisation or by an organisation providing public services), introduced into the Decree by Law

- no. 48/2008 (in ratification and implementation of the Council of Europe Convention on Cybercrime signed in Budapest on 23 November 2001 and the adaptation regulations of national law) and indicated in Art. 24-*bis*, subsequently amended by Leg. Decree no. 7 and no. 8/2016 and by Decree Law no. 105/2019 (which introduced regulations on breaching of the perimeter of national cybernetic security);
13. crimes of organised crime, introduced into the Decree by Law no. 94/2009 and indicated in Art. 24-*ter*, subsequently amended by Law no. 69/2015 and by Leg. Decree no. 202/2016. Administrative liability of the company is envisaged in relation to the crimes referred to in Arts. 416, 416-*bis*, 416-*ter* and 630 of the Criminal Code, Art. 74 of DPR (Italian Presidential Decree) no. 309/1990 and Art. 407, p. 2, lett. A, no. 5, of the C.P.P. [Italian Code of Criminal Procedure];
 14. crimes against industry and commerce (referred to in Arts. 513, 513-*bis*, 514, 515, 516, 517, 517-*ter* and 517-*quater*, of the Criminal Code), introduced into the Decree by Law no. 99/2009 and indicated in Art. 25-*bis*.1;
 15. offences involving copyright infringement, introduced into the Decree by Law no. 99/2009 and indicated in Art. 25-*novies*;
 16. inducement to refrain from making statements or to make false statements to judicial authorities, introduced into the Decree by Law no. 116/2009 and envisaged by Art. 25-*decies*;
 17. environmental crimes, introduced into the Decree by Leg. Decree no. 121/2011 and referenced in Art. 25-*undecies*, subsequently amended by Law no. 68/2015 and by Leg. Decree no. 21/2018. Administrative liability of the company is envisaged in relation to the crimes referred to in Arts. 452-*bis*, 452-*quater*, 452-*sexies*, 452-*quinquies*, 452-*octies*, 452-*quaterdecies*, 727-*bis* and 733-*bis* of the Criminal Code, and in several articles envisaged by Leg. Decree no. 152/2006 (Environmental Laws Consolidating Act), and in several articles of Law no. 150/1992 on protection of endangered animal and plant species and dangerous animals, in Art. 3, p. 6, of Law no. 549/1993 on protection of the ozone layer and the environment and in several articles of Leg. Decree no. 202/2007 on pollution caused by ships;
 18. employment of foreign nationals who are illegal aliens, introduced into the Decree by Leg. Decree no. 109/2012 and indexed in Art. 25-*duodecies*, subsequently amended by Law no. 161/2017);

19. racism and xenophobia, introduced into the Decree by Law no. 167/2017 and referenced in Art. 25-*terdecies*, subsequently amended by Leg. Decree no. 21/2018;
20. fraud in sporting competitions, illegal gambling or betting and gambling using prohibited devices, introduced into the Decree by Law no. 39/2019 and indexed in Art. 25-*quaterdecies*;
21. tax crimes, introduced into the Decree by Law no. 157/2019 and indexed in Art. 25-*quinquiesdecies*, subsequently amended by Leg. Decree no. 75/2020 (which introduced further tax crimes relating to serious VAT fraud);
22. smuggling, introduced into the Decree by Leg. Decree no. 75/2020 and indexed in Art. 25-*sexiesdecies*;
23. crimes against the cultural heritage, introduced into the Decree by Law no. 22/2022 and indexed in Art. 25-*septiesdecies*. Administrative liability of the company is envisaged in relation to the crimes referred to in Arts. 518-*bis*, 518-*ter*, 518-*quater*, 518-*octies*, 518-*novies*, 518-*decies*, 518-*undecies*, 518-*duodecies* and 518-*quaterdecies* of the Criminal Code;
24. laundering of cultural assets and destruction and looting of cultural and landscape assets, introduced into the Decree by Law no. 22/2022 and indexed in Art. 25-*duodevicies*. Administrative liability of the company is envisaged in relation to the crimes referred to in Arts. 518-*sexies* and 518-*terdecies* of the Criminal Code.

1.4 Penalties

The penalties imposed on the company by Leg. Decree no. 231/2001 as a consequence of the committed or attempted committing of the above crimes:

- a financial penalty up to a maximum of Euro 1,549,370 (and precautionary seizure);
- disqualifications (also applicable as a precautionary measure) of a period of no less than three months and no more than two years (without prejudice to the provisions of Art. 25, p. 5³), which may consist of:

³ In the case of a conviction for one of the crimes indicated in paragraphs 2 and 3, the disqualifications envisaged by Article 9, p. 2 are applied, for a period of no less than four years and no more than seven years,

- disqualification from conducting the business activity;
- suspension or revocation of permits, licenses or concessions functional to committing of the crime;
- debarment from negotiating with the public administration;
- exclusion from grants, loans, contributions or subsidies and/or revocation of any already granted;
- ban on advertising goods or services;
- confiscation (and precautionary seizure);
- publication of the ruling (if the penalty applied is disqualification).

The financial penalty is set by the criminal court. Financial penalties are based on a system of “*quotas*”, in a number of no less than one hundred and no more than one thousand. The amount of the financial penalty for each quota varies, according to Art. 10 of Leg. Decree no. 231/2001, between a minimum of Euro 258 and a maximum of Euro 1,549. The judge decides:

- the number of quotas, taking into consideration the seriousness of the offence, the degree of liability of the company and the actions taken to eliminate or reduce the consequences of the offence and to prevent further illegal acts from being committed;
- the amount of the individual quota, based on the economic and financial conditions of the company.

The disqualifications are applied solely in relation to the crimes for which they are expressly envisaged, such as the crimes against the public administration, referred to in Arts. 24 and 25 of Leg. Decree no. 231/2001, certain crimes against public faith, such as counterfeiting of coinage, referred to Art. 25-*bis* of Leg. Decree no. 231/2001, certain crimes against industry and commerce, referred to in Art. 25-*bis*.1, the crimes of corruption between private individuals referred to in Art. 25-*ter* of Leg. Decree no. 231/2001, the crimes of organised crime referred to in Art. 24-*ter* of Leg. Decree no. 231/2001, the crimes for the purpose of terrorism or subversion of the democratic order, referred to in Art. 25-*quater*

if the crime is committed by one of the parties referred to in Article 5, p. 1, lett. a), and for a period of no less than two years and no more than four years, if the crime is committed by one of the parties referred to in Article 5, p. 1, lett. b).

of Leg. Decree no. 231/2001, the crimes against the individual referred to in Art. 25-*quinquies* of Leg. Decree no. 231/2001, the crimes of practices of mutilation of female genital organs, referred to in Art. 25-*quater.1* of Leg. Decree no. 231/2001, the transnational crimes indicated by Art. 10 of Law no. 146 of 16 March 2006, the crimes of involuntary manslaughter and serious or grievous bodily harm, committed by infringing workplace health and safety regulations referred to in Art. 25-*septies* of Leg. Decree no. 231/2001, the crimes of handling stolen goods, money laundering and use of money, assets or other ill-gotten gains, and also self-laundering, referred to in Art. 25-*octies* of Leg. Decree no. 231/2001; the offences involving copyright infringement, referred to in Art. 25-*novies* of Leg. Decree no. 231/2001, the environmental crimes referred to in Art. 25-*undecies* of Leg. Decree no. 231/2001, the crime of employing foreign nationals who are illegal aliens referred to in Art. 25-*duodecies* of Leg. Decree no. 231/2001, the crimes of racism and xenophobia referred to in Art. 25-*terdecies* of Leg. Decree no. 231/2001, the cyber crimes and unlawful processing of data referred to in Art. 24-*bis* of Leg. Decree no. 231/2001, the fraud in sporting competitions referred to in Art. 25-*quaterdecies* of Leg. Decree no. 231/2001, the tax crimes referred to in Art. 25-*quinquiesdecies* of Leg. Decree no. 231/2001, the smuggling crimes referred to in Art. 25-*sexiesdecies* of Leg. Decree no. 231/2001, the crimes against cultural heritage referred to in Art. 25-*septiesdecies* 231/2001, and also the crimes of laundering of cultural assets and destruction and looting of cultural and landscape assets referred to in Art. 25-*duodevicies* of Leg. Decree no. 231/2001, and provided that at least one of the following conditions are satisfied:

- a) the company has gained a significant profit from committing of the crime and the crime has been committed by people in senior executive management positions or by one of their subordinates when, in this latter case, committing of the crime has been caused or made possible by serious organisational deficiencies;
- b) in the event of repeated offences.

The penalties of disqualification from conducting the business activity, debarment from negotiating with the public administration and a ban on advertising goods or services may be applied permanently in the most serious cases.

Furthermore, it is also possible that, in place of imposing of the penalty, it is established that company business will be continued by a receiver appointed by the court pursuant to and in accordance with Art. 15 of Leg. Decree no. 231/2001.

1.5 *Attempted crimes*

In cases of attempted committing of the crimes indicated in Chapter I of Leg. Decree no. 231/2001, the financial penalties (in terms of amount) and the disqualification penalties (in terms of time) are reduced by anywhere from one third to one half, whereas imposing of penalties is excluded in cases in which the company voluntarily prevents performance of the action or occurrence of the event (Art. 26).

Exclusion of the penalties is justified, in that case, as a result of interruption of any relationship of guilt by association between the company and the parties who assume they are acting in its name and on its behalf. This is a special case of the so-called “active withdrawal”, envisaged by Art. 56, paragraph 4, of the Criminal Code.

1.6 *Changes to the company*

Leg. Decree no. 231/2001 governs the system of financial liability of the company also in the event of changes to the company itself (conversion, merger, demerger and sale of the company).

According to Art. 27, paragraph 1, of Leg. Decree no. 231/2001, the entity, with its assets or with the mutual fund, has the obligation for payment of the financial penalty, where the notion of assets refers to companies and to entities with a legal personality and the notion of “mutual fund” refers to unrecognised associations.

Arts. 28-33 of Leg. Decree no. 231/2001 govern the incidence on the company's liability of changes connected with company conversion, merger, demerger and sale operations. The legislator has taken account of the two opposing needs:

- on the one hand, prevent said operations from becoming a means of easily avoiding the company's administrative liability;

- on the other, avoid penalising reorganisation operations that are not an attempt at avoidance.

The descriptive report of Leg. Decree no. 231/2001 states that “*The general criterion followed on this was regulating the type of financial penalties in accordance with the principles dictated by the Civil Code on the general details of the debts of the original company, maintaining, conversely, the connection of the disqualification penalties with the branch of business in which the crime has been committed*”.

1.7 Perpetrators of the crime: people in senior executive management positions or their subordinates

According to Leg. Decree no. 231/2001, the company is liable for crimes committed in its interest or to its benefit:

- by “people holding positions of representation, administration or management of the company or of one of its financially and functionally independent organisational units, and also people who effectively manage and control the company” (so-called people in a senior executive management position or “senior management”; Art. 5, paragraph 1, lett. a), Leg. Decree no. 231/2001);
- by people subject to management or supervision by one of the people in a senior executive management position (so-called subordinates: Art. 5, paragraph 1, lett. b), Leg. Decree no. 231/2001).

The company is not liable, by express intention of the legislator (Art. 5, paragraph 2, Leg. Decree no. 231/2001), if the people indicated have acted in their own exclusive interest or in the interest of third parties.

1.8 Crimes committed abroad

According to Art. 4 of Leg. Decree no. 231/2001, the company may be held liable in Italy for crimes - contemplated by said Leg. Decree no. 231/2001 - committed abroad. The descriptive report of Leg. Decree no. 231/2001 emphasises the need not to leave a frequently occurring criminal situation without a penalty, partly in order to prevent easy avoidance of the entire regulatory system in question.

The assumptions (envisaged by the regulation or inferable from Leg. Decree no. 231/2001 as a whole) on which liability of the company for crimes committed abroad is based are indicated in Arts. 7-10 of the Criminal Code.

1.9 Procedure for ascertaining the offence

Liability for the administrative offence deriving from a crime is also ascertained as a part of criminal proceedings. In this regard, Art. 36 of Leg. Decree no. 231/2001 envisages that *“Jurisdiction for administrative offences of the company lies with the criminal court with jurisdiction for the crimes on which they depend”*.

Another rule, based on reasons of effectiveness, homogeneity and procedural economy, is the one of mandatory combining of the proceedings: the action against the company should be combined, where possible, with the criminal action against the person who committed the predicate crime for which the company is liable (Art. 38). This rule is tempered by the requirement of Art. 38, paragraph 2, which, in contrast, governs cases in which proceedings are separate for an administrative offence.

The entity participates in the criminal proceedings with its own legal representative, unless they themselves are accused of the crime on which the administrative offence depends; when the legal representative does not appear, the entity is represented by the defence counsel (Art. 39, paragraphs 1 and 4, of Leg. Decree no. 231/2001).

1.10 Organisation, Management and Control Model

A fundamental aspect of Leg. Decree no. 231/2001 is the express provision on creation of a Model for the company.

In the case of a crime committed by a person in a senior executive management position, the company is not liable if it proves (Art. 6, paragraph 1, Leg. Decree no. 231/2001) that:

- a) the governing body has adopted and efficiently implemented, before the offence is committed, an appropriate Model to prevent crimes of the kind that has occurred;

- b) the duty of supervising functioning of and compliance with the Model and ensuring it is reviewed has been assigned to a body of the company that has independent powers of initiative and control (the “Supervisory Body”);
- c) the people have committed the crime fraudulently eluding the Model;
- d) the supervision by the Supervisory Body has been omitted or has been insufficient.

The descriptive report of Leg. Decree no. 231/2001 emphasises that: *“the basic presumption (empirically grounded) is that, when the crime is committed by a person in a senior executive management position, the “subjective” requirement of liability of the company [or so-called “organisational fault” of the company] is satisfied, since the top management expresses and represents company policy; where this is not the case, the company itself must demonstrate that it knows nothing about it, and this is only possible if it proves the existence of a set of concurrent requirements.”*

In the case of a crime committed by subordinates, on the other hand, the company is liable (Art. 7, paragraph 1, of Leg. Decree no. 231/2001) if committing of the crime has been facilitated (“made possible”) by breaching of the obligations of management and supervision with which the company is required to comply.

In any case, breaching of the obligations of management and supervision is excluded if, before the crime is committed, the company has adopted and efficiently implemented an appropriate Model to prevent crimes of the kind that has occurred.

Leg. Decree no. 231/2001 outlines the content of the Organisation, Management and Control Model, requiring, in relation to the extension of delegated powers and to the risk of crimes being committed, that it must:

- identify the activities in which crimes could be committed;
- provide for specific protocols for the planning of training and implementation of the company’s decisions in relation to the crimes to be prevented;
- identify financial resource management methods that help prevent crimes being committed;
- set forth reporting obligations for the Supervisory Body, that is appointed to supervise functioning of and compliance with the Model;

- introduce a disciplinary system that punishes failure to comply with the measures indicated in the Model.

The legislator has also established the requirements of efficient implementation of the aforesaid Model, with Art. 7 of Leg. Decree no. 231/2001:

- (i) a periodic audit and, where necessary, a change of the Model, when major breaches of the requirements are discovered or when there are changes in the organisation of the company and its business;
- (ii) a disciplinary system that punishes failure to comply with the measures indicated in the Model.

1.11 Code of conduct (guidelines)

According to Art. 6, paragraph 3, of Leg. Decree no. 231/2001, *“the organisation and management models may be adopted, guaranteeing the requirements of paragraph 2, on the basis of codes of conducts prepared by the representative associations of the entities, communicated to the Ministry of Justice, which, in agreement with the competent ministries, may formulate observations, within thirty days, on the suitability of the models for preventing crimes”*.

Confindustria has established guidelines, on which the Model of Mosaico+ S.r.l. is based, for the creation of organisation, management and control models (hereinafter, the “Confindustria Guidelines”). The guidelines were approved on 7 March 2002 and provide, among other things, indications on the methods for identifying areas of risk and on the structure of the Organisation, Management and Control Model.

Confindustria has subsequently amended the original version several times (in 2004, in 2008, in 2014 and, most recently, in June 2021), in order to adapt the guidelines to intervening changes in legislation, law and methods of application.

The Confindustria guidelines suggest that member companies should use *risk assessment* and *risk management* processes and outline the following steps for definition of the Model:

- identification of areas of risk (meaning analysis of the company context in order to identify in which area/business segment and with what methods the events prejudicial to the objectives pursued by Leg. Decree no. 231/2001 could occur);
- design of a preventive control system (the so-called “protocols” for planning of training and implementation of company decisions);
- adoption of several general instruments, of which the principal ones are a Code of Ethics, as an integral part of the company's Model, and a disciplinary system;
- identification of the criteria for choice of the Supervisory Body.

However, it is opportune to note that non-compliance with specific points of said Guidelines does not in itself undermine the validity of the Model defined by the company, which, since it must be prepared with reference to the actual situation of the company, could easily deviate from the Guidelines in individual points that do not affect the basic principles.

The Confindustria Guidelines were transmitted to the Ministry of Justice before being published, pursuant to Art. 6, paragraph 3, of Leg. Decree no. 231/2001, in order to allow it to make its own observations within thirty days, as envisaged by Art. 6, paragraph 3, of Leg. Decree no. 231/2001, referred to above.

1.12 Examination of suitability

Liability of the company is ascertained by the criminal court (in addition to the start of *ad hoc* proceedings in which the entity is considered equivalent to the natural person who is the defendant; see below) by:

- checking that the predicate crime for which the company is liable exists;
- an examination of suitability of the Model adopted.

The court's examination of the abstract suitability of the Model for preventing the crimes referred to in Leg. Decree no. 231/2001, regardless of the possible review of the codes of conduct prepared by the category associations, is based on the principle of the so-called “ex-post analysis”.



In other words, the judgement on suitability is formulated according to a basically *ex ante* criterion, whereby the court establishes whether the Model adopted is congruous, ideally by examining the company situation at the time when the offence occurred.



CHAPTER 2

ELEMENTS OF THE GOVERNANCE MODEL AND THE GENERAL ORGANISATIONAL SET-UP OF THE COMPANY

[OMISSIS]



CHAPTER 3

ARRANGEMENT OF THE ORGANISATION, MANAGEMENT AND CONTROL MODEL

3.1 Methods of implementation of the Model

3.1.1 Foreword

The adoption of an Organisation, Management and Control Model in accordance with Leg. Decree no. 231/2001, and its efficient and constant implementation, is a reason for exemption from liability of the company for the committing of several types of crimes, as well as being an act of social responsibility of Mosaico+ that results in benefits for all its stakeholders, such as shareholders, employees, creditors and anyone else whose interests are linked to the fate of the Company.

For the purpose of its first adoption, Mosaico+ has therefore started an extensive project focused on ensuring that its own Model 231 complies with the requirements of Leg. Decree no. 231/2001 and is consistent with the policies, procedures and controls already firmly entrenched in the culture of governance of the Company and of the Mapei Group.

The Project is divided into four stages, which are briefly summarised below:

- Phase 1 – *Start of the Project*: (i) collection of preliminary information and analysis of the documentation necessary to understanding the structure of the Company's processes and activities, (ii) meetings with the Company management to describe the project.
- Phase 2 – *Identification of areas of risk*: identification and detailed analysis, also by interviewing the Key Officers, of the current control system put in place to protect the sensitive activities identified and check the ability of the system to satisfy the requirements of Leg. Decree no. 231/2001 (*As-Is analysis*).
- Phase 3 – *Gap Analysis and Action Plan*: identification of the gaps with reference to the requirements and definition of a specific plan of action to close those gaps.
- Phase 4 – *Organisational Model*: preparation of the draft Organisation, Management and Control Model of the Company.

The methods followed and the criteria adopted in the various phases of the Project are described below.

3.1.2 Identification of the processes and areas of risk (PHASES 1 and 2).

Art. 6, paragraph 2, lett. a) of Leg. Decree no. 231/2001 specifies, among the requirements of the Model, the identification of the processes and activities in which the crimes expressly indicated in the Decree itself could be committed. This means, in other words, those company activities and processes that are commonly defined as “sensitive” (hereinafter, the “sensitive activities” and the “sensitive processes”).

The purpose of Phases 1 and 2 was to identify the areas of the company in which to perform a preliminary identification of sensitive processes and activities.

A preparatory step to identification of the sensitive activities was detailed analysis of the corporate and organisational set-up of Mosaico+, performed to gain a greater understanding of the company areas to be analysed.

Analysis of the organisation, the operating model and the proxies/mandates granted by the Company allows an initial identification of the sensitive processes/activities and a preliminary identification of the functions responsible for those processes/activities.

This essential information was collected both through examination of the company documentation and through interviews with the key officers able to provide detailed information on the individual company processes and on the activities of the individual functions.

As a preliminary step, mapping was prepared to identify the sensitive activities and the parties involved.

In detail, for performance of this phase and the subsequent ones, the senior executive managers and their direct subordinates were identified as Key Officers.

3.1.3 Identification of the “As- Is” situation and assessment of the current control model, Gap Analysis and Action Plan (Phase 3)

The basic principles considered in identification of the existing control system were:

- the existence of formal procedures/guidelines;
- the traceability of activities through appropriate documentation/information;

- segregation of duties;
- the existence of formal mandates consistent with the organisational responsibilities assigned.

Starting with an analysis of the Company's internal control system allowed the processes and areas of improvement to be identified and, based on what emerged, a plan of action to be prepared to identify the characteristic organisational requirements of an Organisation, Management and Control Model complying with the requirements of the Decree and the relative actions for improvement of the internal control system.

3.1.4 Design of the Organisation, Management and Control Model (Phase 4)

The purpose of Phase 4 was to define the Organisation, Management and Control Model pursuant to Leg. Decree no. 231/2001 and to define the specific 231 protocols for each sensitive area identified.

Performance of Phase 4 was supported both by the results of the previous phases and by the strategic choices of the Company's decision-making bodies.

3.2 Purposes and structure of the Model 231 adopted by Mosaico+

Mosaico+ decided to prepare a Model that considered the specific features of the company itself, in line with its own system of governance and capable of adding value to the existing controls and bodies.

The Model 231 therefore comprises a set of principles, rules and measures that:

- influence internal functioning of the Company and the methods it adopts to deal with the outside world;
- governs diligent management of a system of control of sensitive activities, serving to prevent the committing, or attempted committing, of the crimes referred to in Leg. Decree no. 231/2001.

The Model 231 is a comprehensive system of rules and control activities serving to:

- ensure conditions of transparency and propriety in conducting of company business, protecting the reputation and image of the Company and of its shareholders and employees;
- prevent the committing of crimes that could be committed both by senior executive management figures and by their subordinates, and ensure exemption from liability in the case of committing of one of the crimes identified in Leg. Decree no. 231/2001.

This document is formed of a “General Part” and individual “Special Parts”.

- The General Part describes the contents of the Decree and the purpose and general principles of functioning of the Company Model.
- The Special Parts identify, for each set of crimes contemplated by Leg. Decree no. 231/2001 and potentially applicable to Mosaico+, considering its business, the significant sensitive processes and activities for the Company, the relative rules of conduct with which to comply and the control mechanisms to be adopted to prevent the risks.

3.3 Recipients of the Model

The recipients of the Model are all those who work to achieve the corporate purpose and objectives of Mosaico+, and in detail:

- people who hold positions of representation, administration or management of Mosaico+ or who effectively manage and control Mosaico+;
- employees of Mosaico+ who are managed or supervised by one or more of the people in senior executive management positions;
- professional advisors, collaborators, agents and, in general, third parties who operate on behalf or in the interest of Mosaico+;

all of whom are jointly referred to as “Recipients”.

The Recipients of the Model are required to comply, with integrity and diligence, with all the measures and protocols it contains, and also with all of its implementation procedures.

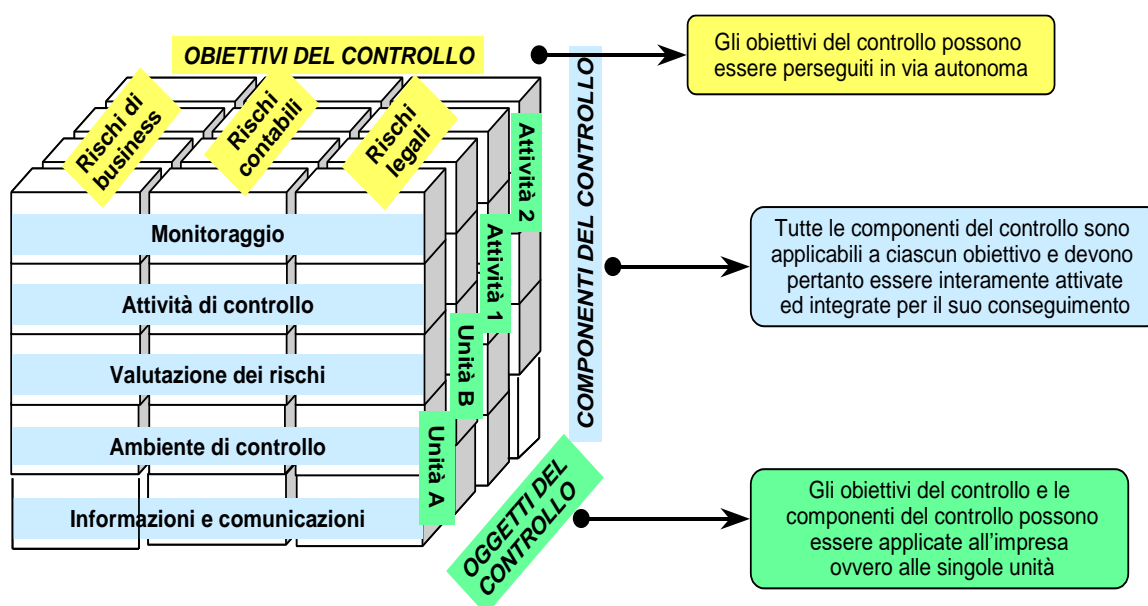
3.4 The Model within the Group

As required by the group parent company's own Model 231, the Italian subsidiaries of Mapei S.p.A., also in consideration of their own organisational and operational features, are responsible for preparing their own Model 231, which must comply with the provisions of the Decree.

As it is subject to administration and control by Mapei S.p.A., Mosaico+ has based preparation of its own Model on the principles and contents of the group parent company's Model, although it has still taken into consideration the specific situations relating to the nature, size and type of business it performed, and also the organisation of internal delegation of powers, which have required or advised the adoption of different measures, in order to pursue the objectives indicated in the Model in a more rational and efficient manner.

3.5 Standards of control and the Internal Control System

The internal control system is the set of “tools” serving to provide reasonable certainty on achievement of the objectives of efficiency and reliability of financial reporting, compliance with laws and regulations and safeguarding of company assets (Stock Exchange Voluntary Self-regulatory Code aligned with the definition of the *CoSo Report*). The components of the internal control system, based on the *CoSo Report, Internal Control – Integrated Framework*, are:



(Source: Treadway Commission)

Control environment:

Reflects the attitudes and actions of “*Top Management*” with regard to internal control of the organisation. The control environment includes the following elements:

- integrity and ethical values;
- *Management's* philosophy and operating style;
- organisational structure;
- allocation of authority and responsibilities;
- personnel policies and practices;
- personnel competences.

Risk assessment:

Definition of processes of identification and management of the most significant risks that could undermine achievement of the company's objectives.

Existing control activities:

Definition of company rules that ensure well-organised management of company risks and processes and that allow the objectives set to be achieved.

Information and communication:

Definition of an information system (computer system, reporting flow, system or process/activity indicators) that allows both the Company top management and its operating personnel to perform the duties assigned to them.

Monitoring:

The process that checks the quality and results of internal controls over time.

The process must be monitored and changes must be made, where necessary.

The aforementioned components of the internal control system are used as a reference for the preparation of the reference control standards of the Model.



CHAPTER 4

THE SUPERVISORY BODY

4.1 The Supervisory Body of Mosaico+

4.1.1 Characteristics of the Supervisory Body

According to the provisions of Leg. Decree no. 231/2001 (Art. 6, paragraph 1, lett. b), the party to whom the governing body assigns the duty of monitoring functioning of and compliance with the Model, and also responsibility for reviewing it, must be “a body of the entity that has independent powers of initiative and control” (hereinafter, the “Supervisory Body” or the “Body”).

The members of the Supervisory Body must satisfy subjective requirements that guarantee their autonomy, independence, professionalism, continuity of action and integrity of the Body itself in performance of its activities.

Due to the acknowledged positioning of said functions on the company organisation chart and the lines of reporting attributed to it, the necessary autonomy of the Supervisory Body is guaranteed.

In order to assist in the definition and performance of its activities and allow it to comply with the requirements and duties imposed on it by law, the Supervisory Body may use the services of specialist resources existing within the Company and resources external to it.

4.1.2 Appointment

The Supervisory Body of Mosaico+ has been created through a Board of Directors' resolution approving the Model to which this document relates. When it appoints the Supervisory Body, the Board of Directors must place on record that the requirements of independence, autonomy, integrity and professionalism of its members are satisfied.

The composition of the Supervisory Body and any changes and additions to it are approved through a Board of Directors' resolution.

In detail, the Board of Directors of Mosaico+ has appointed a Supervisory Body formed of 2 (two) members.

The period of office of the members is three years and they leave office on the date of the Board of Directors' meeting called to approve the financial statements relating to their last year of office, although they continue to perform their functions *ad interim* until the new members of the Supervisory Body are appointed.

Unless the role of the Supervisory Body is reviewed based on past experience, the Supervisory Body members may be replaced or supplemented before the period of office ends in the case of:

- assignment of duties, roles and/or responsibilities within the organisational structure of the company that are not compatible with the requirements of “autonomy and independence” and/or “continuity of action” of the Supervisory Body;
- cessation or resignation of the Supervisory Body member from the company function and/or position held;
- cessation or resignation of the Supervisory Body member for personal reasons;
- the occurrence of one of the reasons for removal from office discussed in the following point.

The reasons for ineligibility and/or removal from office of the individual members of the Supervisory Body are:

- (i) relationships of kinship, marriage or affinity to the fourth degree with directors, people holding functions of representation, administration or management of the Company or of one of its organisational structures with financial and functional autonomy, and also people who effectively perform management and control of the Company and the other parties indicated by the law;
- (ii) conflicts of interest, even potential ones, with the Company or with its parent and subsidiary companies, that compromise independence (excluding a relationship of subordinate employment at the parent company);
- (iii) direct or indirect possession of shares of an amount such as to allow a considerable influence to be exerted over the Company or its subsidiaries;
- (iv) functions of an executive director performed, in the three years prior to appointment as a member of the Supervisory Body, at companies that have filed bankruptcy proceedings, receivership or equivalent procedures;

- (v) public-sector employment relationship at central or local administrations in the three years prior to appointment as a member of the Supervisory Body;
- (vi) conviction, even when not final, or a judgement applying a penalty on request (so-called “plea deal”), in Italy or abroad, for significant violations for purposes of administrative liability of entities, pursuant to Leg. Decree no. 231 of 2001;
- (vii) conviction, even when not final, or a “plea deal” that results in a sentence involving debarment, even temporary, from public office, or temporary debarment from the management offices of legal persons or enterprises.

In the event that any of the aforesaid reasons for replacement or supplementing or ineligibility and/or removal from office starts to apply to a member, that member must immediately inform the other members of the Supervisory Body and will automatically leave office. The Supervisory Body informs the Board of Directors and proposes a replacement.

Cases of automatic removal from office include intervening incapacity and death; other than in cases of automatic removal, each member of the Supervisory Body may be dismissed exclusively by the Board of Directors and only for just cause.

In particularly serious cases, the Board of Directors may order suspension of the functions and/or powers of the Supervisory Body and an *ad interim* appointment or revocation of powers. Just causes for suspension or revocation are:

- omitted or insufficient monitoring by the Supervisory Body resulting from a sentence, even not final, passed against the Company pursuant to Leg. Decree no. 231 of 2001 or a judgement applying a penalty on request (so-called plea deal);
- serious non-fulfilment of functions and also serious breach in exercising the powers of the Supervisory Body.

4.1.3 Functions, powers and budget of the Supervisory Body

The duties of the Supervisory Body are established as:

- monitor effectiveness of the Model 231;
- monitor the activities of implementation and review of the Model 231;
- examine adequacy of the Model 231, meaning its efficacy in preventing unlawful conduct;
- establish whether the requirements of solidity and functionality of the Model 231 are maintained over time;
- promote the necessary review, in a dynamic sense, of the Model 231;
- approve the annual plan of supervisory activities on the Company structures and functions (hereinafter, the “Supervisory Plan”), in compliance with the principles and contents of the Model 231; coordinate and implement the Supervisory Plan and implement the planned and unplanned control interventions;
- examine the results of the activities performed and the relative reporting; prepare directives for the company functions;
- organise reporting flows with company functions;
- any other duty attributed to it by law or by the Model 231.

In performance of its duties, the Supervisory Body has unlimited access to company information for its investigation, analysis and control activities. There is a reporting obligation, for any company function, employee and/or member of the governing bodies, when a request is received from the Supervisory Body or when significant events or circumstances occur, for purposes of performance of the activities of the Supervisory Body.

The Supervisory Body has the power to enter into, alter and/or terminate professional assignments with third parties possessing the necessary skills for the best performance of the assignment.

4.2 Reporting to and from the Supervisory Body

4.2.1 Reporting by the Supervisory Body to the governing bodies

The Supervisory Body reports on implementation of the Model, when any critical aspects emerge and on the need for amendments. There are separate lines of reporting:

the Supervisory Body:

- i) reports to the Chief Executive Officer, informing him of significant circumstances or events for his office, whenever deemed necessary. The Supervisory Body immediately reports on the occurrence of extraordinary situations (such as: significant breaches of the principles contained in the Model, changes in legislation on administrative liability of entities, etc.) and any urgent reports received;
- ii) presents a periodic written report, at least every six months, to the Board of Directors, which must contain at least the following information:
 - a) a summary of the activities performed in the period and the activities planned for the subsequent period;
 - b) any problems or critical issues that have arisen during its supervisory activities;
 - c) when not addressed in previous and specific reports:
 - 1. the corrective actions it is recommended to take in order to ensure the efficacy and/or effectiveness of the Model, including those necessary to rectify any organisational and procedural deficiencies that could expose the Company to the risk of significant crimes according to the Decree being committed, including a description of any new “sensitive” activities identified;
 - 2. always in accordance with the times and methods indicated in the Disciplinary System adopted by the Company in accordance with the Decree, an indication of the behaviour discovered and not complying with the Model, with a simultaneous proposal on disciplinary action, in line with the Disciplinary System itself, against the person responsible for the breach or the function and/or process and/or area concerned;
 - d) a summary of the reports received from internal and external parties, including what has been directly discovered on the alleged breaches of the provisions of the Model, the prevention protocols and the relative implementation procedures, and also the breach of the provisions of the Code of Ethics, and the result of the relative checks performed;
 - e) reporting on the committing of any significant crimes according to the Decree;

- f) any disciplinary measures and penalties applied by the Company bodies responsible, in relation to breaches of the provisions of the Model, the prevention protocols and the relative implementation procedures, and also breaches of the provisions of the Code of Ethics;
- g) reporting of any changes in the regulatory framework and/or significant changes in the internal set-up of the Company and/or in the methods of conducting business that require an update of the Model;
- h) maintaining of the requirements of independence, autonomy, integrity and professionalism of the members of the Supervisory Body;
- i) any proposed updates to the Model.

In addition to these flows, the Supervisory Body has the obligation of reporting to the Board of Directors, promptly, when necessary, or at least in the six-monthly report, on facts, circumstances or organisational deficiencies found in the supervisory activities and that identify the need or appropriateness of amending or supplementing the Model.

The Board of Directors has the power to convene the Supervisory Body at any time, in order for it to report on its activities.

Meetings with the governing bodies to whom the Supervisory Body reports must be documented. The Supervisory Body arranges archiving of the relative documentation.

4.2.2 Reporting to the Supervisory Body

The Supervisory Body must be promptly informed of actions, behaviours or events that could result in a breach of the Model or that, more generally, are relevant to improved efficacy and effectiveness of the Model itself.

All Recipients of the Model provide the Supervisory Body with all useful information to facilitate performance of the checks on correct implementation of the Model. In particular, the company function managers who operate in sensitive activities must transmit to the Supervisory Body: i) in accordance with the methods and deadlines envisaged by the company procedure on this, the so-called “information flows”, meaning the list of operations/transactions that are “sensitive” activities according to the Company's Model;

ii) any anomalies or atypical aspects found in the information available. Furthermore, when they identify areas of improvement in the definition and/or application of the control standards established in the Model, they promptly inform the Supervisory Body of this circumstance.

The following general rules apply in this case:

- the Supervisory Body assesses, at its own discretion and under its own responsibility, the reports received and the cases in which it is necessary to intervene⁴;
- decisions on the outcome of the assessment must be justified in writing.

The obligation of reporting any conduct that breaches the requirements of the Model falls within the broader obligation of diligence and loyalty of the employee. Correct fulfilment of the reporting obligation by the employee cannot result in the application of disciplinary measures⁵.

The Company adopts appropriate and efficient measures to guarantee that the identity of anyone who provides the Board with useful information to identify behaviour that deviates from the requirements of the Model, from the procedures established for its implementation and from the procedures established by the internal control system, always remains confidential, unless required otherwise by law or to protect the rights of the Company and of people who are accused mistakenly and/or in bad faith.

Any form of reprisal, discrimination or penalisation against someone who submits a report to the Supervisory Body in good faith is strictly forbidden. The Company reserves the right to take action against anyone who makes untruthful reports in bad faith.

4.2.3 Whistleblowing

⁴ “It should be clarified that the purpose of the information provided to the Supervisory Body is to allow it to improve its own control planning activities, and not to impose on it precise and systematic checks on all the issues presented. In other words, the Body is under no obligation to act every time there is a report, since establishing the cases on which to intervene is left to its discretion and is under its responsibility.” Confindustria, *Guidelines, op. cit.*, page 45

⁵ “Through regulation of the methods of fulfilling the reporting obligation, the intention is not to fuel the phenomenon of so-called internal rumours, but rather to create a system of reporting of actual events and/or conduct that does not follow the hierarchy and that allows employees to report breaches of the regulations by others within the entity, without fear of reprisals. In this sense, the Body also plays the role of an Ethics Officer, although without possessing disciplinary powers, which should be attributed to a specific committee or, in the most sensitive cases, to the Board of Directors”. Confindustria, *Guidelines, op. cit.*, 47.

Pursuant to Art. 6, paragraph 2-*bis*, of Leg. Decree no. 231/2001, the Recipients of the Model are provided with a system for reporting unlawful conduct.

The reports must be substantiated and based on precise and concordant facts.

These reports may relate to breaches of the requirements of:

- Leg. Decree no. 231/2001;
- this Model;
- the Code of Ethics;
- the internal documents adopted by the Company in implementation of them (such as procedures and policies).

The reports will be collected through the following channels:

- via e-mail, through the e-mailbox dedicated to the Supervisory Body (odv@mplusdesign.it), a channel that uses automated means to guarantee confidentiality of the whistleblower's identity;
- on paper and confidential, via ordinary mail, addressed to: Mosaico+ S.r.l. – To the kind attention of the Supervisory Body – Via Valle d'Aosta, 46 – 41049 Sassuolo (MO);
- the online Whistleblowing portal, available on the Company website, which provides a guided path for the whistleblower, at the end of which the reports will be received both by the Chairman of the Supervisory Body and by the Corporate Internal Audit Officer of Mapei S.p.A.

The reports will be managed in accordance with the provisions adopted by the Mapei Group on Whistleblowing and, in particular, with the Whistleblowing Policy issued by Mapei S.p.A. and published on the corporate website in the Whistleblowing section.

The Company protects the whistleblowers, regardless of the channel they use, against any form of reprisal, discrimination or penalisation, direct or indirect, for reasons linked directly or indirectly to the report, and ensures that their identity remains absolutely confidential, pursuant to Law no. 179/2017 and Leg. Decree no. 24/2023, unless otherwise required by law.

It should be noted that, pursuant to Art. 6, paragraph 2-*bis*, letter d), Leg. Decree no. 231/2001, in addition to the provisions of chapter 5 “Structural elements of the disciplinary system”, further measures are taken against “anyone who breaches the measures of protection of the whistleblower, and also anyone who, through gross negligence or malicious intent, makes reports that prove to be groundless” (see Chapter 5 for more details).

4.2.4 Relations between Supervisory Bodies within the Group

As envisaged by the group parent company's Model 231, the Supervisory Body of Mosaico+, as a company subject to administration and control by Mapei S.p.A., and in compliance with the functional autonomy with which it independently performs its duties:

- may ask the Supervisory Body of Mapei S.p.A. for support in the organisation and planning of the various activities, the checks to be performed and the training plans to be implemented;
- must provide, on request of the Supervisory Body of Mapei S.p.A., information on the adoption, implementation and update on the Model 231 of the Company, on performance of the supervisory and training activities and any other information considered useful or necessary for correct application of the Model itself and the provisions of the Decree.

It may also be decided to organise periodic joint meetings, at which:

- the Boards of the various Group companies, including the Supervisory Body of Mosaico+, report to the Supervisory Body of Mapei S.p.A. on the activities performed during the period;
- shared guidelines on supervisory activities and any changes and additions to be made to the Models are formulated.



CHAPTER 5

STRUCTURAL ELEMENTS OF THE DISCIPLINARY SYSTEM

5.1 Function of the disciplinary system

Art. 6, paragraph 2, lett. e), and Art. 7, paragraph 4, lett. b), of Leg. Decree no. 231/2001 establish (regarding people in senior executive management positions, Key Officers and their subordinates) the need to have “*a disciplinary system that punishes failure to comply with the measures indicated in the Model*”.

The purpose of establishing the disciplinary measures applicable to breaches of the Model, commensurate to the breach and acting as a deterrent, is to contribute to: (i) efficacy of the Model itself, and (ii) efficacy of the control activity of the Supervisory Body.

The system is applied independently of the performance and outcome of any criminal actions brought before the competent judicial authority.

5.2 Measures against subordinate employees

A breach of the individual provisions and rules of conduct of the Model by employees of Mapei is always a disciplinary offence.

The Company asks its employees to report any breaches and assesses this contribution positively, even when the person who has made the report has contributed to that breach.

The powers granted, within the limits of the respective mandates and responsibilities, remain valid for verifying infractions of the Model and for the disciplinary proceedings and application of the relative disciplinary measures.

In the case of a subordinate employment relationship, any disciplinary measure imposed must comply with the procedures envisaged by Art. 7 of the Workers' Charter, which is based not only on the principle of the types of breaches, but also of the types of disciplinary measures.

In addition to what is detailed in the following paragraphs, pursuant to Art. 6, paragraph 2-*bis* of Leg. Decree no. 231/2001, as amended by Law no. 179/2017, an employee is punished when, in breaching the internal whistleblowing procedures envisaged by the Model, or behaving in a manner that does not comply with the provisions of the Model,

they carry out direct or indirect acts of retaliation or discrimination against the person who has reported them, for reasons directly or indirectly linked to the report; the same applies for anyone who, through gross negligence or malicious intent, makes reports that prove to be groundless.

5.3 Measures against non-executive employees

Behaviour of subordinate employees that breaches the rules of conduct contained in the Model and in the Code of Ethics is equivalent to non-compliance with a primary obligation of the employment relationship itself, and is therefore a disciplinary offence.

The primary source of the disciplinary measures in the Company's disciplinary system that are applicable to non-executive employees is the following Collective National Employment Contract (CCNL):

- CCNL Commerce.

The measure imposed must be proportionate to the seriousness of the breach and, in particular, must consider:

- the subjective element, meaning the intentionality of the conduct and the degree of fault (negligence, imprudence or carelessness);
- the overall conduct of the employee, with particular regard to the existence or not of previous disciplinary actions;
- the level of responsibility and independence of the employee who has committed the disciplinary offence;
- the involvement of other people;
- the seriousness of the effects of the disciplinary offence, meaning the level of risk to which the company could reasonably be exposed following the claimed breach;
- any other specific circumstances accompanying the offence.

The disciplinary measures that could be imposed on employees if they breach the requirements of the Model are:

- ✓ So-called conservative disciplinary measures:
 - 1) a verbal warning;

- 2) a written warning;
 - 3) a fine no higher than the sum for 4 hours of salary;
 - 4) suspension from service and salary for up to a maximum of 8 days;
- ✓ So-called dismissal disciplinary measures:
- 1) dismissal with payment in lieu of notice (or dismissal for subjective just cause or objective just cause);
 - 2) dismissal without notice (or dismissal for just cause).

The types of conduct that could be subject to application of conservative disciplinary measures, for breaches pursuant to Leg. Decree no. 231/2001, include, but are not limited to:

1. An employee who fails to perform with due diligence their tasks and duties according to internal procedures, or breaches the requirements of the Models or the documents referenced in it on providing information to the Supervisory Body or on the controls to be performed, or who, in performing activities classified as “sensitive” pursuant to and in accordance with the Model, commits a minor breach of the requirements of the Model, provided that said breach does not result in a major negative impact for the company in the outside world.
2. An employee who fails to perform with due diligence their tasks and duties according to internal procedures, or breaches the requirements of the Models or the documents referenced in it on providing information to the Supervisory Body or on the controls to be performed, or who, in performing activities classified as “sensitive” pursuant to and in accordance with the Model, adopts conduct that does not comply with the requirements of the Model, performing actions contrary to the interests of the company, exposing it to a situation of danger for the integrity of company assets.
3. An employee who, in breaching the internal procedures of the Model, in the performance of activities classified as “sensitive” pursuant to and in accordance with the Model, by adopting conduct that does not comply with the requirements of the Model, causes damage to the company by performing actions contrary to its interest.

The types of conduct that could be subject to application of dismissal disciplinary measures, for breaches pursuant to Leg. Decree no. 231/2001 include, but are not limited to:

4. An employee who adopts, in the performance of activities classified as “sensitive” pursuant to and in accordance with the Model, conduct that does not comply with the requirements of the Model and that is aimed solely at the committing of a crime punishable by Leg. Decree no. 231/2001.
5. An employee who adopts, in the performance of activities classified as “sensitive” pursuant to and in accordance with the Model, conduct that breaches the requirements of the Model and that is such as to result in actual application on the Company of the measures envisaged by Leg. Decree no. 231/2001.
6. Reoccurrence in the offences of points 2 and 3.

5.4 Measures against executive managers

In performance of their professional activities, the Company's managers have the obligation of complying with the requirements of the Model and ensuring that their collaborators comply with them.

The Company applies the Collective National Employment Contract for Senior Executive Managers in Commerce to its senior executive managers and, for any aspect not governed by it, the collective contractual regulations for middle-level managers in the highest category, insofar as they are compatible with the figure of a senior executive manager.

The unlawful conduct of a senior executive manager that breaches the provisions of the Model and is subject to disciplinary measures includes, but is not limited to:

- failing to supervise their hierarchical subordinates, to ensure compliance with the Model in performance of activities in areas at risk of a crime and in activities instrumental to operating processes at risk of a crime;

- failing to report non-compliances and/or anomalies relating to fulfilment of the obligations of the Model, if they learn of them, and that are such as to render the Model ineffective, with a consequent potential risk of penalties being applied to the Company pursuant to Leg. Decree no. 231/2001;
- failing to report to the Supervisory Body critical issues relating to performance of activities in areas at risk of a crime, discovered during monitoring by the competent authorities;
- themselves committing one or more of the serious breaches of the requirements of the Model, such as to cause the crimes contemplated in the Model to be committed, thus exposing the Company to application of penalties pursuant to Leg. Decree no. 231/2001.

If the provisions and rules of conduct contained in the Model are breached by a senior executive manager, Mosaico+ adopts, based on the principle of seriousness, reoccurrence, direct non-compliance and failure to supervise, the measure that is deemed most appropriate, in accordance with the applicable contractual and regulatory provisions.

If the breach of the Model undermines the relationship of trust between the Company and the senior executive manager, the measure of dismissal will be applied in any case.

5.5 Measures against employees seconded from other Group companies

Employees of other Mapei Group companies who are seconded to the Company to perform their professional activities will be subject to the disciplinary system of those companies (where applicable, referenced in the respective Models adopted).

The competent functions of their companies of origin will apply the relative disciplinary measures, based on the reports received from the Supervisory Body of the Company, informing the Board of Directors of the Company of this.

5.6 *Measures against directors*

The Supervisory Body informs the Board of Directors when one of the directors has committed a breach of the Model. The Board of Directors proceeds with the necessary checks and takes the appropriate measures.

5.7 *Measures against the Supervisory Body*

In cases of negligence and/or carelessness of the Supervisory Body in supervising correct application of the Model and compliance with it, and in having proved unable to identify breaches of it, establishing the necessary corrective actions, the Board of Directors will take appropriate measures, using the methods envisaged by current regulations, including dismissal from office and possibly a claim for compensation of damages.

5.8 *Measures against business partners, professional advisors or other parties having contractual relationships with the Company*

A breach by business partners, professional advisors or other parties having contractual relationships with the Company, in performance of activities deemed sensitive by the provisions and rules of conduct envisaged by the Model applicable to them, or committing of the crimes contemplated by Leg. Decree no. 231/2001 by them, will be punished in accordance with the specific contractual clauses inserted in the relative contracts.

These clauses, which refer specifically to compliance with the provisions and rules of conduct contained in the Model, could include the obligation for third parties not to perform actions or behave in a manner that causes a breach of the law or the Model or the Code of Ethics.

If this obligation is breached, the Company must have the right to terminate the contract and possibly apply penalties.

The Company obviously retains the prerogative to claim compensation of the damages caused by the breach of the provisions and rules of conduct of the Model by third parties.



CHAPTER 6

GENERAL PRINCIPLES OF TRAINING AND COMMUNICATION

6.1 Foreword

The contents of the Model are well-publicised both inside and outside the company. According to the Confindustria Guidelines, communication and personnel training are important requirements in implementation of the Model, as specifically prescribed by Leg. Decree no. 231/2001. Mosaico+ undertakes to facilitate and promote knowledge, observance and understanding of the Model by all Recipients, with a degree of knowledge that differs according to the position and roles held at the Company, and also asks them to participate proactively in informing their own subordinates and collaborators.

Communication and training activities are supervised by the Supervisory Body, which is assigned, among others, the tasks of *“promoting initiatives for spreading awareness and understanding of the Model, and also for training of personnel and raising their awareness of compliance with the principles contained in the Model”* and *“promoting the communication and training activities on the contents of Leg. Decree no. 231/2001, on the impacts of the regulations of company business and on the rules of conduct”*.

6.2 Employees

Each employee is required to: i) learn the contents of the Model; ii) know the operating methods to use to perform their own activities; iii) actively contribute, in relation to their own position and responsibilities, in efficient implementation of the Model, reporting any deficiencies found.

In order to guarantee an effective and rational communication activities, Mosaico+ promotes knowledge of the contents and principles of the Model and the procedures of implementation within the organisation, with a degree of depth that varies according to the position and role held.

Employees and new recruits are given a copy of the Model and a copy of the Code of Ethics or are guaranteed the possibility of consulting them directly, for example on the company Intranet in a dedicated area.

In any case, for employees who do not have access to the Intranet, this documentation is provided to them through alternative methods, such as an attachment to the payslip or by displaying them on company noticeboards.

The managers of the individual Organisational Units assist the Supervisory Body in identifying the best method of using the training services on the principles and contents of the Model, particularly for those who operate in the area of activities deemed to be sensitive pursuant to Leg. Decree no. 231/2001 (such as: staff meetings, online courses, etc.).

On conclusion of the training event, the participants fill out a form certifying that they have received the training and attended the course.

Filling out and sending the form is equivalent to declaring knowledge of the contents of the Model.

Appropriate means of communication are adopted to update the Recipients referred to in this paragraph on any changes made to the Model, and also on any procedural, regulatory or organisational change.

The Supervisory Body monitors the level of awareness of the Model through periodic audits.

6.3 Members of Company governing bodies and representatives

Members of the governing bodies, Key Officers and representatives (holders of power of attorney) of the Company are provided with a paper copy of the full version of the Model and the Code of Ethics when they accept the assignment granted to them and are asked to sign a statement of compliance with the principles they contain.

Appropriate means of communication are adopted to update them on any changes made to the Model, and also on any procedural, regulatory or organisational change.

6.4 Other recipients

The contents of the Model must also be communicated to third parties who have contractually governed relationships of collaboration with the Company (such as: professional advisors, agents and other freelance collaborators), with particular reference



to those who operate in the area of activities deemed to be sensitive pursuant to Leg. Decree no. 231/2001.

For this purpose, the Company establishes:

- the types of legal relationships with parties outside the Company, to whom it is appropriate to apply the provisions of the Model, based on the nature of the activity performed;
- the methods of communication of the contents of the Model 231 and the Code of Ethics to the outsiders concerned and the procedures necessary for compliance with its contents, to ensure that it is effectively known.



CHAPTER 7

GENERAL CRITERIA FOR THE FIRST IMPLEMENTATIONS AND AN UPDATE OR ADAPTATION OF THE MODEL

7.1 Foreword

The first applications or an update or adaptation of the Model must be performed through the preparation of a plan of introduction of the new aspects (hereinafter, the “Plan”).

The Plan is prepared whenever it is necessary to proceed with an update or adaptation of the Model (see Art. 6, paragraph 1, lett. b), of Leg. Decree no. 231/2001). It identifies the activities necessary to ensure effective implementation of the contents of the Model, with definition of responsibilities, times and methods of performance.

7.2 Cases and criteria of definition of the Plan

It is necessary to proceed with the above activities, and therefore with preparation of the Plan, on the following occasions:

- introduction of new legislation into Leg. Decree no. 231/2001 applicable to Mosaico+ (in that case, the interventions are defined as “first implementations”);
- significant cases of breaches of the Model and/or results of audits on its efficacy that identify considerable deficiencies or when there are major changes in the organisational structure or business sectors in which Mosaico+ conducts its business (in these cases, the interventions are defined as “adaptations”);
- the need to arrange a period review of the Model to ensure that it continues to be effective, also in relation to development of the Company (in these cases, the interventions are defined as “updates”); the update must be performed cyclically and continually, in a manner to ensure that the cycle is completed every three to five years, based on regulatory developments and changes.

The purpose of these processes is to guarantee the efficacy of the Model when there are changes in regulations or in the Company and, if necessary, to rectify any deficiency of the Model itself.

In detail:

1. the Supervisory Body must provide the Board of Directors with any information it learns that could make it appropriate to proceed with a first implementation, update or adaptation of the Model;
2. the Supervisory Body must prepare and perform the Plan, with the contribution of the competent company and/or Group functions;
3. the results of the Plan, and the progressive state of progress are submitted to the Board of Directors, which arranges implementation of the updates or adaptations.



The Supervisory Body monitors implementation of the actions arranged and informs the Board of Directors of the results of its activities.



SPECIAL PART

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