



## **ORGANISATION, MAGANEMENT AND CONTROL MODEL**

**P.L. FERRARI & CO. S.R.L.**

### **Special Part E** **Supervisory Body Regulation**

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## REGULATION OF THE SUPERVISORY BODY

### Art. 1 – Purpose of the Regulation

P.L. Ferrari & Co. S.l.r. (the “Company”), constituted, with resolution of the Board of Directors (BoD) of 18<sup>th</sup> December 2014, the Supervisory Body (SB) under art. 6 of the Leg. Decree 8<sup>th</sup> June 2001, n. 231, about “Discipline of the administrative responsibility of legal entities, companies and associations also without legal entity, under article 11 of the law 29 September 2000, n. 300” (the “Decree”).

The present Regulation, adopted with resolution of the BoD of 18<sup>th</sup> December 2015, disciplines the tasks, the composition and the functioning of the SB, guaranteeing the actual and effective performance of the functions to prevent the commission of crimes from which can result the Company’s Administrative Responsibility provided by the Decree.

### Art. 2 – Nomination, composition and duration of the SB

The SB nominated with resolution of the BoD, is a body made by just one member chosen among external subjects, with the necessary competences and independent under art. 4 of the present regulation. Are considered external all subjects that are not: employed, Directors or Statutory Auditors.

The nominated member must expressly accept the nomination. The successful conferment of the office is formally communicated to all corporate levels, also through the illustration of powers, tasks, liabilities of the SB, as well as its allocation within the corporate organisation chart and the purposes of its constitution.

The SB remains in charge for the duration of 3 (three) years beginning on the date of the resolution where it is nominated until the date of the meeting of the BoD approving the draft of the budget.

The member of the SB can be, at the expiry of the mandate, re-elected for further 3 (three) years, with no limits for the number of mandates.

### Art. 3 – Subjective requirements for the members of the SB

The BoD evaluates, preventively on the establishment of the SB, and successively, with adequate periodicity, the existence of the subjective requirements of professionalism and reputation of the member of the SB. If such requirements go missing the member loses the office.

The requirements of reputation of the member of the SB are established by art. 5 of the Decree 18<sup>th</sup> March 1998, n. 161 of the Minister of the Treasury, of the Budget and the Economic Planning – Regulation referring to the rules for the identification of the requirements of reputation and professionalism of the members of the Company, banks and the causes of suspension.

The member of the SB has capacities adequate to the performance of his duties. Are relevant in this regard the inspective or consultancy or managerial competences and experiences made in juridical, economic, organisation and or control ambit.

### Art. 4 – Characteristics of the SB

The SB must uniform to the principles of:

- Independence and full autonomy from the Company and the operation summits; specifically, the member of the SB must:
  - Not entertain economic relations with the Company and the Directors of such a relevance to affect the judgment autonomy, evaluated in relation to the subjective patrimonial condition of the physical person in question;
  - Not be the owner, directly or indirectly, of shares of such an amount to allow him to exercise the control or a relevant influence on the Company;
  - Not be a close family member of the Directors of the Company or of subjects who are in the above mentioned situations.
- Continuity of action, that is the SB is dedicated with adequate commitment in terms of time to the performance of its tasks.

To grant the independence and disjunction, the SB is placed in a position of actual independence compared to the hierarchy of the company, reporting directly to the Managing Director, the president of the BoD, the BoD and the Board of Statutory Auditors under art. 15 of the present Regulation.

### Art. 5 – Causes of ineligibility and loss of the office

Cannot be elected to the SB or lose the office those who:

- Are disqualified, unauthorised or bankrupt;
- Do not possess / lose the requirements of reputation, professionalism, autonomy and independence or do not grant the continuity of action of their commitment, as regulated in the present Regulation;
- Have been convicted, even with not irrevocable conviction and as well following the application of the conviction upon request under articles 447 and 444 Crim. Code:
  - For malicious crimes;
  - For malicious or negligent crimes recalled in the ambit of the Decree;
  - For any negligent crime provided by the rules that discipline the financial, real estate and insurance activity;
  - For any negligent crime provided by the rules about markets, real estate values and payment instruments;
  - For any negligent crime provided by the title XI of book V of the Civ. Code and by the R.D. n. 267 of 1942.

Are excepted the cases where declaration of extinction of the crime occurred and/or a measure of rehabilitation has been provided.

- Have been recipients of a measure of arrest or custody validated by the relevant judicial authority, as well where the application of a personal precautionary measure has not been accomplished on them, except the cases where the criminal proceeding has been defined with a filing measure, judgment of impossibility to proceed, of acquittal or of discharge.
- Have been recipients of a personal precautionary measure, even if successively revoked by the competent judicial authority, except the cases where the criminal proceeding has been defined with a filing measure, judgment of impossibility to proceed, of acquittal or of discharge.
- Have been convicted to a sentence that implies the application, even temporary, of an accessory penalty provided by the criminal code, by other special criminal laws or, anyway, in other sectors of the legal system.
- Have been subject to personal safety measure or recipients of a patrimonial safety measure, except for, in this last hypothesis, for the seizure disposed following the filing procedure, judgment of impossibility to proceed, of acquittal or discharge.
- Have been recipients of the application of personal preventive or patrimonial measures, including the precautionary seizure under art. 2ter(2) law n. 575 of 1965, as amended by art. 22 D.L. n. 396 of 1992, conv. In Law n. 356 of 1992 and by art. 23 law n. 256 of 1993.
- Had the title of member of the SB for a company in which regards have been applied:
  - Disqualification precautionary measures under art. 9 of the Decree for unlawful actions committed during their office even if the conviction judgment has not been pronounced yet;
  - Even with not definitive measure, the sanctions provided by article 9 of the Decree;
- Don't have or lose the requirements of independence established by art. 4 of the present Regulation;
- Have violated the dispositions about privacy obligations as disciplined by art. 7 of the present Regulation;
- Have not taken part, without a justified reason, to two or more meetings even not consecutive within twelve months.

The member of the SB certifies the absence of causes of ineligibility, through specific declaration when he/she accepts the nomination. Where the member of the SB incurs in one of the above mentioned ineligibility causes / loss of office, must give prompt communication to the BoD, which, performed the appropriate verifications about the actual existence of

the causes of loss of office and heard the interested subject, proceeds to the revocation of the mandate.

**Art. 6 – Revocation, renounce and substitution**

The member of the SB can only be revoked where a valid reason exists. For valid reason, is intended:

- The verifying, during the mandate, of one of the causes provided by article 5 of the present Regulation;
- The loss of the requirements of professionalism and/or reputation as established in article 4 of the present Regulation;
- The inobservance of the obligations of confidentiality and the respect of the privacy regulation;
- Serious infirmity incompatible with the correct performance of their surveillance function;
- Serious non-fulfilment of their duties;
- The judgment of conviction or “plea bargaining” of the Company under the Decree, where it results from the text of the same a link between the conviction and the omitted or insufficient surveillance by the SB;

The revocation of the member of the SB is exclusive competence of the BoD.

It is the SB member's discretion to renounce at any time to the office. In such case, he/she must give such communication to the BoD of the Company through registered letter with notice of receipt giving the reasons that determined the renounce. The renounce will be effective from the day a new member of the SB is nominated.

In case of expiry of the mandate of the SB or renounce, death, revocation of the member of the SB or in any case where the substitution of the member of the SB is necessary, the BoD provides, without delay, and any way at the first available meeting, to the nomination of the new SB following ascertainment of the existence of the requirements of professionalism and reputation.

**Art. 7 – Activity of the SB**

The member of the SB ensures the confidentiality of the news and information acquired in the exercise of its functions, specifically those related to the reporting received following presumed violations of the Model. Such obligation, however, does not exist against the BoD and the Board of Statutory Auditors.

The member of the SB must, in the performance of its functions, respect the internal and external regulation of the Company, being able however to freely exercise the powers listed below.

The SB, under article 6 of the Decree, monitors the functioning and observance of the Model and cures its update.

Relatively to the monitoring and the functioning of the Model, the SB performs the following tasks:

- In the ambit of the whole corporate reality, ascertains that the risks of commission of crimes relevant under the Decree are identified, mapped and monitored, demanding a constant update following the changes that occur to the activity and/or the corporate structure as well as potential amendments to the regulations. To that end, the potential situations capable of exposing the Company to the risk of a crime being committed, must be reported by the management and by the subjects responsible of the control activities in the ambit of the single departments;
- In the ambit of the areas at risk and the identified sensitive processes, it detects the adequacy of the protocols adopted for the prevention and repression of the unlawful behaviours;
- Demands the creation or the amendments of the prevention protocols in case of shortage, inadequacy or change of the internal organisation and/or corporate activities;
- Verifies the suitability of the organisation/managerial changes following the update of the Model;

Relatively to the function of supervision of the observance of the Model, the SB performs the following activities:

- In the ambit of the areas at risk and the identified sensitive processes it detects the observance of the protocols adopted for the prevention and repression of the unlawful behaviours;
- Verifies the effectiveness of the organisation/managerial changes following the update of the Model;
- Requests differentiated training activities for the purpose of giving to the apical organs, to the employed personnel to collaborators of any kind and more generally to all recipients of the Model, the sensitisation and the awareness relating to the regulation and to its evolution regarding the Administrative Responsibility of the Legal Entities about the Decree as well as the Model and the Ethic Code adopted by the Company.
- Promotes and monitors the initiatives able to favour the communication and circulation of the Model and the Ethic Code to all the subject who must respect their provisions;
- Communicates the violations of the Model and the Ethic Code to the competent Bodies.

Relatively to the update function of the Model, in case of:

- Evolution of the discipline about the Administrative Responsibility of Legal Entities under the Decree;
- Changes to the internal organisation and/or the corporate activity;
- Detection of significant shortages/violations of the Model;

The SB proceeds to make observations requesting the alignment of the Model to the BoD in relation to its competences and the urgency and relevance of the interventions requested.

For the purposes of what is explained above, the SB provides an internal communication system to:

- Facilitate the reporting to the SB of situations not complying with the Model and the Ethic Code and of every relevant news under the Decree (the so called "Reporting")
- Promptly obtain from the bodies, the services, the offices and the Company's personnel the information, data and documents that constitute the so called information flows of the Model. Specifically, the various corporate departments must communicate to the SB potential circumstances that could increase and/or modify the areas at risk.

The task to monitor the observance and the functioning of the Model is performed by the SB through the activation and the execution of periodic inspection activities. The SB can:

- Proceed to the hearing of every subject capable to give useful indications or information about the object of its monitoring and control activity;
- Access to archives and documents of the Company, without needing any authorisation;
- Request to the management, strategic supervision and control organs of the Company any useful information for the performance of their tasks.;
- Take advantage of external consultants (after the consent and approval of the BoD).

The SB periodically refers, and anyway at least once per year through written report, to the BoD and the Board of Statutory Auditors about the verification and control activities carried out, about potential shortages of the Model emerged formulating the consequential requests/proposals of coherent corrective actions.

The SB, in the performance of its activity, has as reference the Chief Financial Officer and Personnel Manager of the Company, who constitutes the main reference for the coordination and involvement of the corporate structures and of the employees.

#### **Art. 8 – Economic Compensation**

The BoD, on the nomination of the SB, resolves the compensation for the member of the SB. The compensation cannot be modified during the mandate.

The member of the SB has the right to reimbursement for the expenses sustained in the performance of its office, if they are documented.

#### **Art. 9 – Verification Activity**

The SB annually provides a Program of the inspective activities under articles 6 and 7 of the Decree, coherently with what is established by art. 9 of the

present Regulation having as reference the Company's Model.

The monitoring activity Plan, once provided by the SB, is presented to the BoD and to the Board of Statutory Auditors.

In the annual Plan, the SB, for the different scheduled inspective activities, defines:

- The motivations of the intervention;
- The purpose of the verifications;
- The activities and sensitive processes controlled;
- The timing of the inspections.

The SB can as well perform both urgent interventions and further ones compared to the ones scheduled also following reporting received under the modes provided by art. 13 of the present document.

#### **Art. 10 - Training Activity**

The SB, in collaboration with the competent departments, defines the training program of the subjects identified, ascertaining that this is pertaining to the roles and responsibilities of the recipients and presents it to the BoD and the Board of Statutory Auditors.

The SB can perform further training interventions compared to those scheduled, where it is appropriate/necessary.

#### **Art. 11 - Documentation and Filing**

The SB must document, through the preservation of paper documents, the activities performed, the initiatives adopted, the measures taken and information and reporting received to grant the complete traceability of the interventions made to fulfil its institutional functions.

The reports filled during the controls and the accesses at the Company's premises, the reports of the meetings of the body and the memorandum made during the meetings with the Corporate Bodies, must be stored and registered in chronological order.

The documents certifying the activity of the SB are kept for a period of 10 years and anyway for a period adequate to the needs which could occur even for a legal safeguard.

The paper documents are filed at an identified place the access to which is only allowed to the members of the SB or the employed or not employed personnel, whose access has been expressly authorised by the SB.

The SB grants the integrity and confidentiality of the documents certifying its activity under the Decree 196/2003 - Code about personal data treatment.

#### **Art. 12 - Meetings and resolutions**

The SB meets at least quarterly and anyway every time the member considers it appropriate or necessary.

Being a body made by just one member, the mechanisms of calling and resolving are not considered necessary.

At its meetings, the SB can invite other managers and/or corporate departments, to participate according to the necessity.

The SB meetings take place in Genoa, at the Registered office of the Company or at any other office of the same, or where decided by the SB every time.

The SB provides to write the minutes of every meeting. The minutes, signed by the member of the SB reports: day, month, year, place of the meeting; the name of the member and of those who participated to the meeting on invitation by the SB; the issues discussed and the results of potential discussions.

The minutes, once approved, are filed by the SB according to what has been established by art. 11 of the present document.

#### **Art 13 - Reporting**

The employed personnel, including the managers, the Statutory Auditors and the Directors of the Company have a duty to give to the SB the information regarding the commission of crimes contemplated by the Decree, such as the violation and the evasion of the Model and/or the Ethic Code. The lack of respect for the duty of reporting is expressly sanctioned by the Model.

The information pointed out in the precedent paragraph are promptly transmitted to the SB by the reporter.

The SB evaluates the reporting received and takes advantage, according to their nature, of the internal structures of the Company for the performance of the detailed analysis about the facts that have been reported; it can hear directly the author of the reporting or the subjects mentioned in it; at the end of the preliminary stage it takes, giving reasons, the decisions, filing the reporting, where necessary, or requesting the Company to proceed to the evaluation for disciplinary or sanction purposes of what ascertained and/or to the appropriate interventions on the Model.

Where the detailed analysis carried out highlight situations of serious violations of the Model and/or the Ethic Code or the SB has had the solid suspect of the commission of a crime, it proceeds without delay to the communication of the reporting and of its evaluations to the BoD and the Board of Statutory Auditors.

The information channels are made public by the Company with appropriate means to grant the knowledge among the subjects obliged to the reporting.

Specifically, the reporting can be transmitted through e-mail to the address [OdV@PLFerrari.com](mailto:OdV@PLFerrari.com) under the modes expressly provided by the attachment "*procedure for reporting to the SB*" that is integral part to the present Regulation.

The reporting are stored by the SB under the modes regulated by art. 11 of the present Regulation.

#### **Art. 14 – Information flows to the SB**

The SB is the recipient of any information and/or documentation, coming from third parties as well, regarding the implementation of the Model as specified as follows.

The system of mandates, of powers and/or functions adopted by the Company, and any structural amendment made to it must be communicated to the SB.

The information and/or documentation transmitted to the SB according to what established in the present article, are stored by the SB under article 11 of the present Regulation.

#### **Art. 15 – Reporting activity of the SB**

The SB informs with continuity the Managing Director and the President of the BoD; with specific annual report the Board of Statutory Auditors and the BoD, about the outcomes of the activity carried out and about the functioning and observance of the Model.

Specifically, the SB informs about:

- Implementation of the Model: with continuity, the Managing Director and the President of the BoD, annually the BoD and the Board of Statutory Members;
- Update of the Model: without delay proposes the updates considered necessary or appropriate to the Managing Director and the President of the BoD, based on the respective competences and the urgency and relevance of the interventions required;
- Violations of the Model: with continuity, the Managing Director and the President of the BoD, urgently the BoD and the Board of Statutory Auditors in case of any violation of the Model by a conduct that integrates a crime under the Decree.

The SB can be questioned at any time by the BoD and/or the Board of Statutory Auditors; the same SB can present to the BoD or to the Board of Statutory Auditors a request to be heard specifying the issues to discuss and the reasons of the request.

#### **Art. 16 – Amendments to the Regulation**

Potential amendments or integrations to the present Regulation are made through resolution by the BoD, potentially upon proposal by the SB within the limits of what is in its competence.

#### **Art. 17 – Information obligations to the SB**

To facilitate the activity of the SB, all information considered useful to that end, need to be transmitted, in writing, to the SB by the Administrative Body, the partners and by all interested subjects. As an example and not exhaustive:

- Outcomes, positive or negative, of the control activities put in place to implement the Model by the subjects responsible of the various corporate departments;
- Anomalies or atypicality discovered in the various corporate departments;
- Measures and/or news by judicial police organs and or the judiciary, both civil and criminal, or by any other authority;
- Internal and external communications regarding any issue that could be linked to the hypothesis of a crime under the Decree (e.g. disciplinary measures issued/executed against employees etc.)
- News relating to the actual implementation, at all corporate levels, of the Model;
- News relating to organisational changes;
- Update to the system of mandates and powers;
- Significant operations, atypical or at risk.

Moreover, it must be brought to the knowledge of the SB any other information, coming by any subject, regarding the commission of crimes provided by the Decree or behaviours not in line with the Model or the Ethic Code.