

# AI Creativity S.r.l.

## Organization, Management, and Control Model Legislative Decree no. 231/2001

### General Part

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*English version*

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## Chapter 9 - Updating the Model

# Definitions

**Addressee:** Any person to whom the Model applies. Specifically, the following are all considered Addressees:

- The Shareholder and the Corporate Bodies
- The Spooners
- The Collaborators
- The Third Parties

**Apical Subject:** A person who, under article 5, paragraph 1, letter a) of the Decree, holds representative control, administrative control, or a management position within the Entity or one of its units with financial and functional autonomy. A person who exercises, even de facto, the management or control of the Entity is also an Apical Subject.

**Bylaws:** A document defining the essential characteristics and main rules of the Company's organization and operation.

**Clause 231:** Clause included in the contracts prepared and negotiated by AI Creativity S.r.l., which governs (a) the counterparty's commitment to inspect the Model adopted by the Company, (b) the counterparty's declaration to refrain from engaging in conduct that may constitute a violation of the Model, and (c) the legal consequences in the event of such a violation.

**Code of Ethics or Code:** An integral part of the Model, the Code provides the general principles by which the Company is inspired and the rules of conduct to which it conforms in the exercise of its business activities and in any interaction with Third Parties.

**Collaborator:** Any person, other than the Spooner, who has a unitary and continuous collaborative relationship with the Company, performing intellectual or manual activities in any capacity.

**Company or AI Creativity:** AI Creativity S.r.l.

**Company Doctor:** The doctor who cooperates with the Employer for the purpose of company risk assessment and is competent to carry out the health surveillance of workers.

**Consolidated Environmental Act:** Legislative Decree No. 152 of April 3, 2006.

**Consolidated Law on Finance:** Legislative Decree No. 58 of February 24, 1998.

**Consolidated Occupational Health and Safety Act:** Legislative Decree No. 81 of April 9, 2008.

**Consultant:** Any service provider other than the Collaborator who offers consulting services on behalf of or for the benefit of the Company through a special mandate or other contractual relationship (such as an intellectual work contract).

**Corporate Bodies:** The Management Body, and the Shareholder's Meeting of the Company.

**Corporate Governance:** Set of principles, institutions, and mechanisms that are essential for the Company's functioning and facilitate making its most important decisions.

**Delegate:** The individual vested by the Employer with the powers of organization, management, and control as indicated in the deed of delegation.

**Employer:** The individual, identified among the members of the board of directors, who holds the employment relationship with the employee and is responsible for the Company's organizational structure, as well as exercising decision-making and spending authority.

**Entity:** Any company or organization that has legal rights and responsibilities.

**Guidelines:** Guidance documents drafted by the main trade associations for the construction of organization and management models under Legislative Decree No. 231/01 with respect to the relevant sector or industry.

**Internal Control and Risk Management System:** The set of tools, organizational structures, standards, and corporate rules aimed at enabling the sound, proper, and consistent conduct of the business with the Company's objectives, through an adequate process of identifying, measuring, managing, and monitoring the main risks, as well as through the structuring of adequate information flows aimed at ensuring the circulation of information.

**Lead:** The head of a Function, Sub-function, or Team, as identified by the corporate organizational chart.

**Legislative Decree No. 231/01 or Decree:** Legislative Decree No. 231 of June 8, 2001, which dictates the "*Regulations on the administrative liability of legal persons, companies and associations, including those without legal personality.*"

**Management Body:** The board of directors of the Company, as well as individual directors with authority to perform individual acts and/or functions.

**Model:** Organization, Management, and Control Model required by article 6 of Legislative Decree No. 231/01 adopted by the Company.

**NCLA:** National Collective Labor Agreement currently in force and applied by the Company.

**Organizational Fault:** A subjective reprimand enforced on the Entity, per Legislative Decree No. 231/01, when an Apical Subject or a Subordinate Subject commits a Predicate Offense in the interests or to the advantage of the Entity. Organizational Fault exists if the Entity does not have in place adequate internal regulations, especially sufficient organizational safeguards, to prevent opportunities for Predicate Offenses in the performance of business activities.

**Person in Charge of a Public Service:** An individual who performs in any capacity a public service, which is considered a public function and is therefore governed by public law regulations and authoritative acts. However, the individual does not possess the authoritative, certifying, and deliberative powers of a Public Official, nor do they participate in the formation or manifestation of the will of the Public Administration.

**Predicate Offense:** Either a felony or misdemeanor offense outlined by the criminal code or special laws, as referred to in articles 24 et seq. of Legislative Decree no. 231/01 or in any case where the Entity's liability is explicitly established under the same Legislative Decree No. 231/01.

**Prevention and Protection Service Manager or RSPP:** The person designated by the Employer to coordinate the prevention and protection service for health and safety risks in the workplace.

**Public Administration:** The State and all its articulations, territorial public bodies, and other non-economic public bodies, as well as persons falling within the definition of Public Official or Person in Charge of a Public Service under articles 357 and 358 of the criminal code, respectively.

**Public Official:** Any Public Officer or Person in Charge of a Public Service under articles 357 and 358 of the criminal code, respectively.

**Public Officer:** For the purposes of the Decree, a Public Officer is:

- Anyone who fulfills a legislative, judicial, or administrative public function, and therefore exercises authoritative, certifying, or deliberative power
- Any person acting in an official capacity in the interest of or on behalf of: (a) a national, regional, or local Public Administration; (b) an agency, office, or body of the European Union or of an Italian or foreign national, regional, or local Public Administration; (c) an enterprise owned, controlled, or participated in by an Italian or foreign Public Administration; (d) a public international organization such as the European Bank for

Reconstruction and Development, the International Bank for Reconstruction and Development, the International Monetary Fund, the World Bank, the United Nations, or the World Trade Organization; or (e) a political party, a member of a political party, or a candidate for political office, Italian or foreign

- Representatives of local communities, who, under the anti-corruption laws and the resulting case law, are considered and treated as Public Officials

**Risk Assessment:** The systematic process that comes before risk management activities, in which the risks associated with a given activity are identified and analyzed. The process includes a gap analysis to identify existing criticalities in the Internal Control and Risk Management System.

**Risk Assessment Document or DVR:** A document prepared by the Employer that (a) contains a report on the assessment of health and safety risks at work and the criteria for said assessment; (b) outlines the prevention and protection measures and personal protective equipment that the assessment revealed to be necessary; (c) details the measures appropriate to ensuring the improvement of safety levels over time; (d) delineates the procedures to implement the measures, along with a clarification of the roles within the company organization that are responsible for executing and providing those procedures; (e) states the names of the RSPP, the RLS, and the Company Doctor who participated in the risk assessment; and (f) identifies the tasks that possibly expose workers to specific risks and require recognized professional ability, specific experience, adequate education, and training.

**Sensitive Activity:** Activities of AI Creativity S.r.l. in which there is a risk, even if only potential, of the commission of any of the Predicate Offenses referred to in Legislative Decree no. 231/01.

**Shareholder or Shareowner:** A person who shares the business risk.

**Shareholder's Meeting:** The deliberative body of corporations, formed by the Shareholder.

**Spooner:** A person who performs work for the Company under an employment or self-employment relationship.

**Statutory Auditor:** The company entrusted with the legal audit of accounts.

**Subordinate Subject:** A person who, under article 5, paragraph 1, letter b) of the Decree, is subject to the management or supervision of the Apical Subjects.

**Supervisory Committee or SC:** Internal body of the Entity, in charge of supervising the functioning and observance of the Model. The Supervisory Committee is also responsible for



promoting the updating of the Model and delegates specific actions for this purpose to the Management Body.

**Team:** Team, possibly multidisciplinary, made of several Spooners working on the same product, service, or project.

**Third Party:** any person or company that is not part of the Company, with whom the Company relates in conducting business. Third Parties include providers and in general contractual counterparties.

**Workers' Safety Representative or RLS:** The person elected or appointed to represent workers concerning health and safety at work.

**Workers' Statute:** Law No. 300 of May 20, 1970.

## Introduction

AI Creativity has decided to adopt an Organization, Management, and Control Model under Legislative Decree No. 231 of June 8, 2001, considering it an indispensable element for the adequacy of its organizational, administrative, and accounting structure.<sup>1</sup>

The Company views the Model as an important tool to enhance transparency in the exercise of its activities and to promote awareness and legal compliance among all Addressees who engage with AI Creativity in various capacities.

Aware of its social responsibility and seeking to protect its image and reputation, AI Creativity requires the Addressees to adopt responsible and virtuous behavior, respectful of the law and the ethical-social principles and values that the Company itself is inspired by, as summarized in the Model.

Through the concrete implementation and dissemination of the Model, the Company intends to prevent its activities from generating opportunities for the commission of crimes. In particular, AI Creativity intends to prevent the commission of the offenses referred to in the Decree, including through an Internal Control and Risk Management System that prevents deviant behavior. In this perspective, the commission of offenses is never in line with the interests of AI Creativity. Rather,

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<sup>1</sup> Pursuant to articles 2086, second paragraph, 2381, third paragraph, and 2392 of the Italian civil code.

it is always opposed and condemned by the Company, even where the Company appears to be able to derive a benefit or advantage.

The Model is divided into one General Part and multiple Special Parts, corresponding to the number of sensitive macro-processes identified through the Risk Assessment. The Code of Ethics completes the Model.

The Model has a broad and generalized scope, involving every aspect of business activity, and is addressed to all Addressees.

## **Chapter 1 - Description of the regulatory framework**

### **1.1. Administrative liability of Entities**

The Decree implemented the concept of Entity liability for criminal offenses into the Italian legal system. Although formally qualified as administrative, this liability is substantially criminal because it is characterized by the following:

- The liability arises from the commission of Predicate Offenses referred to in the Decree, carried out in the interest or to the advantage of the Entity
- The liability exists alongside the responsibility of the natural person (the Apical Subject or Subordinate Subject) who committed the Predicate Offense, but remains independent of it and can be recognized even if the identity of the actual perpetrator remains unknown<sup>2</sup>
- The liability is established in criminal proceedings<sup>3</sup>
- The liability includes the possibility of incurring penalties, both pecuniary and interdictory, which can be particularly severe (up to the disqualification from conducting business), as well as the confiscation of assets and the public disclosure of the conviction.

Entities can be held liable for the Predicate Offenses committed (or even only attempted) by Apical Subjects<sup>4</sup> or Subordinate Subjects.<sup>5</sup> The liability of Entities is independent of and in addition to that of the natural person who committed the crime. Therefore, when prosecuting specific crimes, the Decree's regulatory framework aims to include the Entities that have been involved in or have benefited from the Predicate Offense, thereby impacting their assets and management due to an established Organizational Fault.

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<sup>2</sup> See article 8 of the Decree.

<sup>3</sup> See article 36 of the Decree.

<sup>4</sup> See article 5(1)(a) and article 6 of the Decree.

<sup>5</sup> See article 5(1)(b) and article 7 of the Decree.

## 1.2. Preconditions for the liability of Entities

For the Entity's liability to be recognized under the Decree, several preconditions must be met. In particular, all of the following:

- A Predicate Offense has been committed, no matter if it was a criminal offense referenced in the Decree or one for which the Entity is considered liable under the Decree of a different regulatory source
- The Predicate Offense was committed in the interest, or to the benefit, of the Entity
- The perpetrator of or contributor to the crime is an Apical Subject or a Subordinate Subject and does not need to be identified for the Entity's liability to be recognized

### 1.2.1. The Predicate Offenses

Not all criminal offenses automatically result in the Entity's liability under the Decree. To establish liability, a crime must meet one of the following conditions: (a) it must be expressly referred to in the Decree itself; or (b) it must be covered by another regulatory source that explicitly imposes liability on the Entity under the Decree.

At present, the offenses relevant to the Entity's administrative responsibility include those of the following categories:<sup>6</sup>

- Crimes against the Public Administration (articles 24 and 25 of the Decree)
- Computer crimes and unlawful data processing (article 24-*bis* of the Decree)
- Organized crime offenses (article 24-*ter* of the Decree)
- Crimes of forgery (forgery of money, public credit cards, revenue stamps, and identification instruments or signs) (article 25-*bis* of the Decree)
- Crimes against industry and trade (article 25-*bis*.1 of the Decree)
- Corporate crimes (article 25-*ter* of the Decree)
- Crimes for the purpose of terrorism or subversion of the democratic order (article 25-*quater* of the Decree)
- Crime of female genital mutilation practices (article 25-*quater*.1 of the Decree)
- Crimes against the individual (article 25-*quinquies* of the Decree)
- Market abuse offenses (article 25-*sexies* of the Decree)
- Manslaughter or serious or very serious injury committed in violation of regulations on the protection of health and safety at work (article 25-*septies* of the Decree)
- Crimes against property by fraud (article 25-*octies* of the Decree)
- Crimes relating to non-cash payment instruments (article 25-*octies*.1 of the Decree)
- Copyright infringement crimes (article 25-*novies* of the Decree)
- Inducement not to make statements or to make false statements to judicial authorities (article 25-*decies* of the Decree)

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<sup>6</sup> Refer to the individual Special Parts for an in-depth examination of the individual Predicate Offenses relevant to the Company's business.

- Transnational crimes (article 10 of law no. 146 of March 16, 2006)
- Environmental crimes (article 25-*undecies* of the Decree)
- Employment of citizens of non-EU countries (article 25-*duodecies* of the Decree)
- Racism and xenophobia (article 25-*terdecies* of the Decree)
- Sports fraud (article 25-*quaterdecies* of the Decree)
- Tax crimes (article 25-*quinquiesdecies* of the Decree)
- Smuggling (article 25-*sexiesdecies* of the Decree)
- Crimes against cultural heritage (article 25-*septiesdecies* of the Decree)
- Laundering of cultural assets and devastation and looting of cultural and landscape assets (article 25-*duodevicies* of the Decree)
- Article 12 of law n. 9 of January 14, 2013<sup>7</sup>

### 1.2.2. The interest or advantage of the Entity

The mere occurrence of a Predicate Offense is not sufficient to establish the Entity's liability. The crime has to have been committed in the Entity's interest or to its advantage, defined as follows:

- Interest means the illegal conduct was committed with the intention of attaining a utility, not necessarily economic, for the benefit of the Entity. To establish liability under the Decree, it is not necessary that the Entity attain the utility pursued.
- Advantage consists of the Entity's concrete acquisition of an economically appreciable utility.

The Entity's liability exists even if the perpetrator acted to satisfy an interest competing with that of the Entity. In other words, liability is only excluded when the individual committed the offense exclusively in their own interest or in that of third parties.<sup>8</sup>

### 1.2.3. Perpetrators of the crime: Apical Subjects and Subordinate Subjects

Finally, the Entity's liability only arises if the Predicate Offense has been committed, whether complicity or not, by persons linked to the Entity by a relationship of organic identification or by an employment relationship. Specifically, the Entity is held liable for Predicate Offenses committed by Apical Subjects or Subordinate Subjects, who are further defined as:

- "Persons who hold positions of representation, administration or management of the Entity or one of its organizational units with financial and functional autonomy, as well as by persons who exercise, even de facto, the management and control of the Entity itself"<sup>9</sup> (Apical Subjects)
- "Persons subject to the direction or supervision of one of the apical persons"<sup>10</sup> (Subordinate Subjects)

<sup>7</sup> These are Predicate Offenses applicable exclusively to Entities operating within the virgin olive oil supply chain.

<sup>8</sup> See article 5(2) of the Decree.

<sup>9</sup> See article 5(1)(a) of the Decree.

<sup>10</sup> See article 5(1)(b) of the Decree.

For example, directors, auditors, and general managers are considered Apical Subjects. If endowed with financial and functional autonomy, persons in charge of secondary offices and, in the case of an organization divided by divisions, division managers are also considered Apical Subjects. More generally, all individuals who, regardless of a valid and formal investiture,<sup>11</sup> exercise management and control roles in the Entity on a continuous and significant basis are considered apical.

The broad category of Subordinate Subjects is also identified based on a functional criterion. Regardless of formal qualification and the nature of the link with the Entity, a subordinate person is someone answerable to the control, direction, or supervision of an Apical Subject.

#### **1.2.4. Offenses committed abroad**

The Decree provides for the possibility of prosecuting Entities in Italy even for crimes committed abroad, to avoid easy circumvention of the entire regulatory framework.<sup>12</sup>

Specifically, the liability of the Entity for the crime committed abroad may be recognized if all of the following conditions are met:

- The Entity has its head office in the territory of the Italian State
- The crime is committed abroad by a person functionally related to the Entity
- The conditions stipulated in articles 7, 8, 9, 10 of the criminal code<sup>13</sup> are met
- The judiciary powers of the place where the act was committed does not proceed independently in prosecuting the crime
- In cases where Italian law states that the punishment of the perpetrator is subject to the request of the Minister of Justice, such a request has also been made against the Entity

### **1.3. Sanctions**

Once the liability of the Entity is established in criminal proceedings, the Decree provides for a series of sanctions, pecuniary and/or disqualifying, which are accompanied by confiscation and publication of the conviction.<sup>14</sup>

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<sup>11</sup> The Decree recalls the functional criterion described in article 2639 of the civil code, which equates, with particular reference to corporate crimes, the following to the person formally invested with the title or holder of the function provided for by civil law: (a) one who is required to perform the same function, otherwise qualified; (b) one who, although lacking regular investiture, continuously and significantly exercises the typical powers inherent in the title or function.

<sup>12</sup> See art. 4 of the Decree.

<sup>13</sup> In summary, these articles of the criminal code provide unconditional punishability for certain types of crimes, committed abroad, that offend primary interests of the Italian state or goods of particular importance. In addition, for other types of crimes, punishability in Italy is conditional on the seriousness of the crime and/or the submission of special petitions or requests to that effect by the Minister of Justice or the person offended by the crime.

<sup>14</sup> See article 9 of the Decree.

### 1.3.1. Financial sanctions

When a Predicate Offense is committed and proven through a conviction, the Decree mandates the imposition of a financial penalty, which is determined based on a system of quotas. Each Predicate Offense outlined in the Decree corresponds to a specific range of quotas that can be imposed on the convicted Entity, with the minimum set at one hundred and the maximum at one thousand.<sup>15</sup> Each individual quota can vary between a minimum value (€258.00) and a maximum value (€1,549.00).<sup>16</sup>

In concrete terms, the number and value of the quotas to be imposed on the Entity in the event of conviction are determined by the criminal judge on the basis of the indications contemplated in the Decree.<sup>17</sup> Specifically, the judge determines the number of quotas on the basis of<sup>18</sup> (a) the gravity of the offense; (b) the degree of liability of the Entity; and (c) the activity put in place by the Entity to prevent the commission of further crimes. The size of the individual quota is determined based on the Entity's economic and asset conditions to ensure the incisiveness of the penalty.

Several circumstances can reduce the financial sanction, such as cases where any of the following conditions are met:

- The perpetrator committed the act predominantly in their own interest or that of a third party, and the Entity derived little or no benefit from it
- The damage caused by the crime is particularly tenuous
- The Entity has provided full compensation for the damage and eliminated the harmful or dangerous consequences caused by the crime, or has at least effectively taken steps to do so
- The Entity has adopted and implemented, after the commission of the crime, an organizational model suitable to prevent crimes of the same kind as the one that occurred

### 1.3.2. Disqualifying sanctions

Unlike financial sanctions, which are always imposed on the Entity found responsible for any of the Predicate Offenses, disqualifying sanctions can be applied only for those Predicate Offenses that expressly provide for them.<sup>19</sup> Additionally, a judge may impose a disqualifying sanction in either of the following instances:

- The Entity has derived a significant profit from a Predicate Offense committed by an Apical Subject (or by a Subordinate Subject, due to serious organizational deficiencies)
- The Entity, having already been definitively convicted under the Decree for a criminal offense, has committed another criminal offense within five years of the previous one.

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<sup>15</sup> See article 10(2) of the Decree.

<sup>16</sup> See article 10(3) of the Decree.

<sup>17</sup> See article 10 of the Decree.

<sup>18</sup> See article 11 of the Decree.

<sup>19</sup> See article 13 of the Decree.

Conversely, the judge may not order a disqualifying sanction when the Entity has done all of the following:

- Provided full compensation for the damage and eliminated the harmful or dangerous consequences of the crime, or otherwise effectively taken steps to do so
- Eliminated the organizational deficiencies that led to the crime, through the adoption and implementation of an organizational model suitable for preventing crimes of the kind that occurred
- Made the profit gained through the commission of the crime available for confiscation

That said, the Decree includes various disqualifying sanctions that increase in the severity of limitation to the Entity's activity. These are:<sup>20</sup>

- Prohibition, temporary or permanent, of advertising goods or services
- Exclusion from benefits, financing, contributions, or subsidies, and possible revocation of those granted
- Prohibition, temporary or permanent, of contracting with the Public Administration, except to obtain a public service
- Suspension or revocation of authorizations, licenses, or concessions that found to be instrumental in the commission of the offense
- Disqualification, temporary or permanent, from engaging in the activity

Such disqualifying sanctions can also be applied on a precautionary basis, before the Entity's liability has been explicitly determined.<sup>21</sup> For this, however, the following must both exist:

- Serious indications of the Entity's liability
- A concrete danger of the commission of further offenses of the same nature as the one being prosecuted

### **1.3.3. Publication of the conviction**

In the event that a disqualifying sanction has been imposed against the Entity found liable, the court orders the publication of the conviction, once only (in excerpt or in full), in one or more newspapers, as well as posted in the municipality where the Entity has its main office.<sup>22</sup>

### **1.3.4. Confiscation**

Upon a conviction, the price or profit of the crime is always ordered to be confiscated, excluding any part that can be returned to any person or persons damaged by the crime and protecting the

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<sup>20</sup> See article 9 of the Decree.

<sup>21</sup> See articles 45 ff. of the Decree.

<sup>22</sup> See article 18 of the Decree.

rights acquired by third parties in good faith. If the exact price or profit of the crime cannot be confiscated, then money, property, or other utilities of equivalent value are confiscated.<sup>23</sup>

## 1.4 Exclusion of liability of the Entity

In accordance with the stipulations of the Decree, the Entity may be exempt from administrative liability despite the occurrence of a Predicate Offense, subject to specific conditions that vary depending on the perpetrator of the crime. If the perpetrator is an Apical Subject, the Entity's liability could be excluded, but only if the Entity proves the all of following:<sup>24</sup>

- Before the crime was committed, the Entity had adopted and effectively implemented an organizational and management model suitable for preventing crimes like the one that actually occurred
- The Entity has assigned a designated body within the company, possessing autonomous powers of initiative and control, with the responsibility of overseeing the functioning and compliance of the model, as well as ensuring its regular updates (the Supervisory Committee)
- The perpetrator fraudulently circumvented the model
- That there was no omission or insufficient supervision by the Supervisory Committee

Conversely, in the event that the perpetrator of the crime is a Subordinate Subject, the Entity will be held liable only if the commission of the crime was made possible by the failure of the Apical Subjects to comply with the obligations of management and supervision over the Subordinate Subject.

In any case, the Entity will not face penalties if it had previously implemented and successfully executed an organizational, managerial, and control model capable of preventing the specific type of crime that ultimately transpired.<sup>25</sup>

## 1.5. The organization, management, and control model

The Decree offers general guidelines regarding the minimum requirements the organizational model must have for the judicial authority to deem it suitable for preventing Predicate Offenses.

Specifically, according to the Decree, the model must satisfy the following objectives:<sup>26</sup>

- Identify the areas of the Entity's activities in which Predicate Offenses (Sensitive Activities) may be committed
- Establish distinct protocols, tailored to the specific crimes to be prevented, that define precise guidelines for the formation and execution of the Entity's decisions

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<sup>23</sup> See article 19 of the Decree.

<sup>24</sup> See article 6(1) of the Decree.

<sup>25</sup> See art. 7 of the Decree.

<sup>26</sup> See art. 6(2) of the Decree.



- Identify ways of managing financial resources that are suitable for preventing Predicate Offenses
- Establish appropriate measures to ensure the Entity performs its activities in compliance with the regulations, and to discover and eliminate (or at least manage) risk situations in a timely manner
- Establish obligations to report to the supervisory committee
- Introduce an appropriate disciplinary system to punish non-compliance with the measures specified in the model

In addition, for the model to be considered effectively implemented, the Decree requires that (a) the model is periodically audited, and amended and updated when significant violations of the requirements emerge or when there are changes in the organization and activities of the Entity; and (b)<sup>27</sup> that any violations of the model are timely detected and submitted to the disciplinary system.

### **1.5.1. Guidelines of trade associations**

As the Decree dictates only the minimum requirements for an organizational model to be deemed suitable in court, the individual Entity has broad autonomy in defining its model's content. As such, the Decree allows that "organizational models may be adopted [...] on the basis of codes of conduct drawn up by associations representing the Entities."<sup>28</sup>

Among the Guidelines formulated by the various trade associations for creating organizational models, those outlined by Confindustria and the National Council of Certified Public Accountants and Accounting Experts are particularly important and were applied in drafting this Model. In addition, recourse was made to the *Consolidated Principles for the Drafting of Organizational Models and the Activity of the Supervisory Committee and Prospects for the Revision of Legislative Decree No. 231 of June 8, 2001*, drafted by the multidisciplinary working group of the National Council of Certified Public Accountants and Accounting Experts, the Italian Banking Association, and the National Forensic Council, as well as Confindustria itself.

Based on the guidelines outlined above, the essential steps for implementing an effective organizational model are as follows:

1. Correctly identifying risks, which involves analyzing the company's context to determine the specific areas or activities where crimes outlined in the Decree may occur and how they may manifest
2. Developing an appropriate Internal Control and Risk Management System to effectively address identified crime risks by either eliminating them or reducing them to an acceptable level

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<sup>27</sup> See art. 7(4) of the Decree.

<sup>28</sup> See art. 6(3) of the Decree.

Proper management of the risk of crime requires first assessing its intensity through a careful Risk Assessment activity, which involves the synthesis of two distinct factors: (a) the probability of occurrence of the crime; and (b) its impact, in terms of detrimental consequences for the Entity and/or Third Parties. This assessment must be carried out with some continuity, or at any rate, with adequate periodicity, particularly at times of corporate reorganization (including changes in governance, the opening of new offices, the start of new activities or changes in the way existing ones are carried out, mergers, acquisitions, and other extraordinary transactions).

An adequate Internal Control and Risk Management System does not necessarily require eliminating the risk of crime (sometimes not even realizable in practice) but the containment of the risk to an acceptable level. Indeed, the range of control measures that can be conceptually implemented is virtually limitless, but adopting all of them could potentially hinder the Entity's activity. It is therefore necessary to establish an acceptable threshold, which means defining a reasonable number of safeguards to prevent excessive rigidity in the Entity's regular activities. This threshold of acceptability is represented by a prevention system that cannot be easily bypassed unless through fraudulent means. In other words, when committing an illegal act, the perpetrator will be compelled to circumvent the control and prevention measures adopted by the Entity by abusing their power or resorting to fraudulent actions.

According to the most authoritative Guidelines, for the organizational model to be considered effective and therefore suitable in court, it must include or cover all of the following:

- A Code of Ethics
- A clear and formalized internal organization, especially with regard to the allocation of responsibilities
- A manual and/or computerized system of procedures that regulate the Entity's main activities, ensuring there is a clear separation of duties and roles among those responsible for the crucial activities (initiative, authorization, execution, and control) within the same process, with particular attention to the management of financial flows
- A clear, consistent, and appropriately formalized allocation of authorizing and signing authority
- Adequate systems of communication, education and, where required, training for personnel, with said systems being extensive, effective, detailed, clear, and reiterated periodically
- A system of safeguards and controls that are consistent with the Entity's operational management and capable of containing the level of crime risk within acceptable thresholds
- An organizational structure on occupational health and safety that: (a) assigns responsibilities on the basis of competence; (b) ensures continuous and systematic monitoring of preventive needs in the workplace; (c) ensures communication among all

personnel and full involvement of the corporate figures as required by the regulations, including through periodic meetings

The content and provisions of the organizational model must always be guided by at least the following principles:

- Every operation, transaction, and action (including control) must be verifiable, documented, consistent, and congruous.
- No single person should be able to manage an entire process independently, so it is necessary that (a) no one person is given unlimited powers; (b) responsibilities and powers are clearly defined and known within the corporate organization; and (c) authorization and signature powers are consistent with assigned organizational responsibilities.

## Chapter 2 - Corporate Structure

### 2.1. AI Creativity

AI Creativity is a limited liability company under Italian law and based in Milan, which has as its objectives: (a) the development, production, and marketing of innovative products or services with high technological value; (b) the acquisition, assignment, and commercialization of software owned or acquired under license for use; and (c) the production, assignment, commercialization, and advertising (including through software) of products of all kinds; as well as (d) the commercialization in any form of intellectual work related to devices.

### 2.2. Organizational structure and roles

The organizational structure of the Company ensures the implementation of the strategies and the achievement of the objectives defined by the Management Body, drawing inspiration from criteria of maximum efficiency and operational effectiveness and ensuring the separation of tasks and responsibilities, thereby avoiding the overlapping of functions and the mixing of roles.

#### 2.2.1. Corporate Governance

- **Shareholder's Meeting:** The Shareholder's Meeting represents the sole Shareholder. It is the competence of the Shareholder's Meeting to pass resolutions, in ordinary and extraordinary sessions, on matters reserved to it by either the law or the Bylaws.
- **Management Body:** The Company is currently administered by a board of directors, composed of five directors. The internal structure of the Management Body includes, in accordance with article 2381 of the civil code, the assignment of proxies and legal representation of the Company to some of the directors. The board of directors is vested

with (a) the broadest powers for the ordinary and extraordinary management of the Company, within the limits defined by the law and the Bylaws; and (b) the power to carry out all necessary actions for the implementation of the corporate purpose, except for those expressly delegated to the Shareholder according to the Bylaws and/or the law.

- **Statutory Auditor:** The activity of statutory audit is entrusted, in accordance with the law, to a statutory auditing company.
- **Supervisory Committee:** With the adoption of the Model, the Company has also equipped itself with a Supervisory Committee of a collegial nature, made of two members, whose task is to supervise the behavior of the Apical Subjects and Subordinate Subjects so that these subjects (a) comply with the law, the Code of Ethics, and the internal regulatory system; and (b) behave in a manner that complies with the precautionary principles identified in the protocols of prevention of the risk of crime under Legislative Decree no. 231/01.

### **2.2.2. Corporate articulation**

Business activity is carried out by Spooners and Collaborators. Spooners are organized into Functions (subdivided into several Sub-functions) based on the specialization of skills, and into Teams, possibly multidisciplinary, consisting of several Spooners working on the same product or project.

## **Chapter 3 - The Model**

### **3.1. The project**

Although the Decree does not require Entities to adopt an organizational model, the Company nevertheless deemed it appropriate to adopt one and appoint a Supervisory Committee to strengthen its Internal Control and Risk Management System.

The Model, including the Code of Ethics, together with the organizational procedures and the policies, instructions, and provisions issued by the Company, constitutes an effective tool for both the prevention of offenses and the detection of any possible violation of the law. It also aims to raise awareness of all individuals with professional ties to the Company to comply with the regulations in force and the procedures in place, helping to ensure that these individuals are fully aware of the seriousness of the commission of an offense. Again, the Model allows the Company, in the event of deviant situations, to react promptly and effectively. The principles and rules outlined in the Model are general in nature and are imposed with respect to all Company activities, not only those qualified as risky or sensitive.

### 3.2. The functions and objectives of the Model

The purpose of the Model is to introduce, or in any case to standardize and rationalize, Company protocols and procedures relating to activities that represent a risk of Predicate Offenses, for the specific purpose of preventing their occurrence. Therefore the Model serves the following functions:

- Identifying the Sensitive Activities carried out by Functions and Sub-functions, as well as possibly by third-party companies or professionals, which may pose the risk of committing a Predicate Offense
- Analyzing potential risks with regard to the possible ways in which crimes can be committed within the Company's internal and external operating environment
- Evaluating the existing system of preventive controls, adjusting it, if necessary, to ensure that the risk of crimes being committed is reduced to an acceptable level
- Defining a system of principles and rules that establishes general lines of conduct (indicated in the Code of Ethics and in the General Part), as well as specific organizational procedures for regulating company activities in sensitive sectors (articulated within the General Part and the individual Special Parts)
- Structuring an Internal Control and Risk Management System that ensures the prompt reporting of any occurrence of general and/or particular critical situations
- Articulating a communication and training system for personnel that facilitates their understanding of (a) the Model; (b) the Company's internal organizational structure, including the attribution of authorization powers and the chain of command; and (c) the procedures, information flows, and all factors contributing to the transparency of the Company's activities
- Awarding the Supervisory Committee with specific responsibilities with regard to the control of the effectiveness, adequacy, and updating of the Model
- Establishing a system of discipline and penalties for non-compliance with the regulations stated in the Code of Ethics and the procedures outlined in the Model

### 3.3. Preparatory activities for the adoption of the Model

The Company has initiated a project to adopt its own Model and has carried out a series of preparatory activities, divided into phases, to evaluate and possibly implement the current internal organizational structure in general and the system of prevention and management of crime risks in particular.

Specifically, the phases leading to the adoption of the Model are as follows:

**Phases      Activities**

- Phase 1 Project initiation: Analysis of organizational and control structure**
- Submission of the plan of activities to the Management Body of the Company
  - Evaluation of the Company's corporate structure, organizational structure, and Internal Control and Risk Management System, as well as the operating methods used by the Company for the most important processes
- Phase 2 Survey of sensitive Processes and Sensitive Activities**
- Identification of the processes and activities within the scope of which the Predicate Offenses (Sensitive Activities, a list of which is contained in the individual Special Parts) may in abstract terms be committed
  - Identification of key officers who, based on their assigned functions and responsibilities, have in-depth knowledge of the Sensitive Activities, the operating methods adopted, and the related controls
- Phase 3 Interviews with key officers**
- Carrying out targeted interviews with key officers to enable the identification of Sensitive Activities and practices (including those not formalized) followed by the Company, as well as the safeguards and controls that are in place at present
- Phase 4 Gap analysis**
- Summary of the takeaways from the interviews with key officers and the results of the organizational analysis
  - Identification of crime risks and possible critical situations, proposing organizational and procedural interventions to strengthen the Internal Control and Risk Management System
- Phase 5 Processing of the Model**
- Preparation of the Model, following the most authoritative Guidelines, as well as main case law and doctrinal contributions on the subject

### **3.4. The structure of the Model**

The Company has developed its Model based on the most recent regulatory interventions and the key jurisprudential and doctrinal guidelines pertaining to the administrative liability of Entities. The Model has been tailored to align with the unique organizational characteristics of the Company.

The Model consists of a General Part, multiple Special Parts, and the Code of Ethics. The General Part contains the following elements:

- An outline of the regulatory framework of the Decree
- A description of the organizational structure of the Company
- The identification of the Addressees of the Model
- The definition of the structure and operation of the Supervisory Committee
- The assessment of current information flows within the Company
- Guidance on employee training and the dissemination of the Model's content
- A description of the disciplinary system, designed to address and sanction instances of Model violations

The Special Parts delineate the Sensitive Activities within the Company, which are the areas carrying a higher risk of criminal activities. These parts also outline the potential Predicate Offenses that may occur within those activities. Each Special Part provides a detailed account of the current procedures and controls, along with specific protocols designed to prevent the occurrence of Predicate Offenses.

### **3.4.1. The organizational structure of the Company**

The organizational structure of AI Creativity is appropriately formalized and depicted in the Company's organizational chart, clearly indicating assigned responsibilities, and functional reporting lines.

### **3.4.2. The principles of control**

In adopting the Model, the Company intended to crystallize the following aspects:

- The formal definition of the duties and responsibilities of each corporate function, with particular reference to those involved in Sensitive Activities at risk of crime
- The allocation of decision-making responsibilities in a manner aligned with the powers and level of authority granted to each individual or position
- The segregation of duties in the management of individual Sensitive Activities, assigning to different individuals the relevant crucial phases of *initiative*, *authorization*, *execution*, *control*, and *documentation*
- The precise regulation of Sensitive Activities through special procedures that provide, among other things, appropriate control safeguards such as audits and reconciliations
- The timely documentation of the controls carried out, ensuring the possibility of retracing the verification activities, assessing the consistency of the methodologies, and verifying the accuracy of the results
- The verifiability of each operation or transaction through proper documentation, meaning adequate for tracing every activity, assessing consistency and appropriateness, and identifying responsibilities. Such documentation is always available for consultation and

auditing. As the use of information systems, like internal emails, enhance traceability, documentation should make it easy to identify the individuals involved in each transaction, including those who are responsible for the following activities:

- Initiative
- Authorization
- Execution
- Control
- Documentation

### **3.4.3. The cash flow management system**

Case law, including foreign case law, shows that the commission of many of the Predicate Offenses is often made possible by the improper management of financial flows. For this reason, the Decree requires that organizational models include “*methods of managing financial resources suitable for preventing the commission of offenses.*”<sup>29</sup>

To prevent the improper management of financial resources, the Company ensures a clear and formalized separation of tasks in the key phases (*initiative, authorization, execution, control, and documentation*) of the relevant activities. Traceability of acts and decision-making processes is ensured for each transaction, with specific recognition of authorization levels, which are determined based on the nature and value of the transaction. Furthermore, Functions/Sub-functions responsible for payment execution conduct thorough checks on supporting documentation (such as the order, contract, letter of assignment, delivery document, and invoice). This includes systematically comparing accounting results, internal accounts, and bank records.

### **3.4.4. Prevention principles and protocols**

To complement and further define the principles and values expressed in the Code of Ethics, the Model defined and adopted by AI Creativity outlines prevention principles that serve as the foundation for both the overall prevention protocols described in the General Part and the specific prevention protocols outlined in the Special Parts.

In particular, the Company is guided by the following principles:

- Regulation, meaning the Company’s operations are governed by formalized procedures that clearly follow the principles of conduct and operational protocols for carrying out Sensitive Activities.
- Traceability, meaning business operations are adequately documented and verifiable after the fact. In other words, proper documentation makes it possible to reconstruct the

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<sup>29</sup> See article 6, paragraph 2(c) of the Decree.



decision-making and underlying authorization process and identify the individuals involved.

- Segregation of duties, meaning multiple individuals are involved in the *initiative*, *authorization*, *execution*, *control*, and *documentation* phases of Sensitive Activities.

The authorization and signing powers within the Company are designed to align with organizational and managerial responsibilities, including the establishment of approval thresholds for expenditures. These powers are clearly defined, known internally, and appropriately communicated externally. The roles responsible for financial commitments are precisely identified and their limits and scope are clearly defined.

#### **3.4.4.1. General prevention protocols**

For Sensitive Activities mentioned in the Special Parts, the overall preventive protocols specify that for all operations, the following conditions must be met:

- The management, coordination, and control responsibilities within the Company are clearly formalized
- The assignment and exercise of powers within a decision-making process are congruent with positions of responsibility and the significance of the underlying economic transactions
- Access to and intervention in the Company's data, as well as access to documents already archived, are allowed only to authorized persons, in accordance with current legislation (including European legislation)
- Confidentiality is guaranteed in the transmission of information

#### **3.4.4.2. Specific prevention protocols**

Each Sensitive Activity (as mentioned in the Special Parts) is governed by dedicated protocols designed to minimize (or ideally eliminate) the risk of Predicate Offenses. Individuals specified in the protocols are required to promptly notify the Supervisory Committee of any critical situations concerning the effectiveness, adequacy, or implementation of the preventive protocols.

## **Chapter 4 - The Supervisory Committee**

### **4.1. The Supervisory Committee**

To fulfill the requirements for liability exemption under the Decree, the Entity must establish an internal body<sup>30</sup> with independent powers of initiation and control. This body, known as the

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<sup>30</sup> article 6(1)(b) of the Decree.

Supervisory Committee, is responsible for overseeing the implementation of and adherence to the Model, as well as ensuring that it is kept up to date.

Best practices and major case law precedents recommend that this body be different from the Management Body and the board of statutory auditors (where applicable). It can be collegial, comprised both of internal members of the Entity and external members (ideally including the Chairman), or it can be monocratic.

The Supervisory Committee must inherently possess the following requirements:

- Autonomy and independence, such that it is able to conduct thorough control initiatives and access all relevant company information without limitations. To ensure freedom from interference or influence from any company subject, whether apical or subordinate, the Supervisory Committee is included as a staff unit that is separate from top management.
- Expertise, such that the members of the Supervisory Committee collectively possess adequate technical skills in legal matters in general, with particular regard to criminal law, as well as advanced knowledge of internal control systems.
- Continuity of action, so the Supervisory Committee dedicates its activities exclusively and continuously to the supervision of the Model, including regular meetings held with appropriate frequency.

## **4.2. General principles regarding the Supervisory Committee**

### **4.2.1. Appointment and termination of office**

Taking into account the provisions outlined in the Decree,<sup>31</sup> the Company's organizational structure, and the interpretive developments in doctrine and jurisprudence, the Company intends to appoint a collegial Supervisory Committee composed of two members. These individuals will possess the necessary qualifications of professionalism, integrity, and autonomy of action, and will collectively have expertise in criminal law, compliance, and corporate governance.

The Management Body appoints the Supervisory Committee, which serves a term of three fiscal years and concludes its functions at the Shareholder's Meeting that approves the financial statements for the last fiscal year of the term. Even after the term expires, the Supervisory Committee remains in office until new members are appointed. Reelection of Supervisory Committee members is possible.

### **4.2.2. Causes of ineligibility and disqualification from office**

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<sup>31</sup> See article 6, paragraph 1(b) of the Decree.

Appointment as a member of the Company's Supervisory Committee is subject to the absence of the following grounds for ineligibility:

- The performance of administrative functions, even without delegated authority, for the benefit of the Company or subsidiaries/affiliates
- The existence of kinship, whether consanguineal or affinal (such as marriage or comparable situations), with members of the Management Body of AI Creativity and/or other subsidiary or affiliate companies, with the Statutory Auditor, or with Apical Subjects of the Company
- A conflict of interest, existing or potential, with the Company that would undermine the independence required of the function
- Ownership, direct or indirect, of shareholdings of such a magnitude as to enable dominant or significant influence to be exercised over the Company or other subsidiaries/affiliates<sup>32</sup>
- Conviction for a crime, regardless of whether it is final, or any other measure that establishes responsibility (such as a plea bargain or conviction by criminal decree) in Italy or abroad for the following crimes:
  - Crimes referred to in the Decree
  - Other crimes implicating professional honorability
  - Crimes that entail, as an ancillary punishment, a temporary or permanent disqualification from public office, or a temporary disqualification from executive positions in legal Entities and businesses

At the time of accepting the appointment, the member of the Supervisory Committee is required to certify, through a declaration to be submitted to the Management Body for evaluation, the absence of grounds for ineligibility. If a reason for ineligibility arises after the appointment has taken place, it automatically leads to disqualification from office, and the Management Body must be promptly notified to take appropriate actions and reconstitute the Supervisory Committee.

### **4.2.3. Resignation, replacement, and revocation**

A member of the Supervisory Committee may resign from the post at any time, with the obligation to give written notice to the Management Body, which shall promptly replace the resigning member. The resigning member shall continue their duties until replaced.

The Management Body may dismiss the member of the Supervisory Committee only for just cause. At the same time, the Management Body is responsible for appointing a replacement for the dismissed member. The Supervisory Committee is protected against retaliatory actions or discrimination arising from their roles and responsibilities.

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<sup>32</sup> See art. 2359 of the civil code.

#### **4.2.4. Discipline of the Supervisory Committee**

The Supervisory Committee shall create its own regulations, detailing the methods and timing of its operations, with specific regard to the regulation of inspection and supervisory activities, meetings with Functions/Sub-functions and Corporate Bodies, and information flows to and from the various Functions/Sub-functions.

#### **4.2.5. Conflicts of interest**

If, in the performance of their duties, a member of the Supervisory Committee finds they have a conflict of interest (or a potential conflict of interest) with the Company in regards to even a single activity, they must refrain from said activity and immediately notify the Management Body. If necessary, in such cases the Management Body shall appoint another member to fulfill the functions or specific activities from which the conflicted member has abstained.

#### **4.2.6. Compensation and reimbursement of expenses**

The Management Body determines the remuneration for members of the Supervisory Committee either at the time of appointment or through subsequent resolution. Additionally, any expenses related to the performance of their duties must be reimbursed upon submission of appropriate documentation.

#### **4.2.7. Spending powers**

To ensure the Supervisory Committee's effective autonomy of action and independence, it is allocated a sufficient annual budget that is approved by the Management Body upon its appointment. The Supervisory Committee can utilize these financial resources for any necessary requirements to carry out its duties, being accountable to the Management Body for their usage. In exceptional circumstances with valid justifications, the Supervisory Committee may exceed its allocated budget, but it must seek subsequent ratification from the Management Body.

### **4.3. Functions of the Supervisory Committee**

In fulfilling its role of overseeing the functioning of, adherence to, and updating of the Model, the Supervisory Committee receives comprehensive support from all company functions, structures, as well as Collaborators and Consultants, both internal and external. Additionally, the Supervisory Committee has the authority to engage external Consultants, who work under its direct responsibility and supervision, to assist in its functions.

No Function/Sub-function of the Company is permitted to review the merits of the Supervisory Committee's work. Nevertheless, the Management Body must verify that the Supervisory Committee performs the tasks assigned to it, as the responsibility for the functioning and effectiveness of the Model still ultimately rests with the Management Body.

### 4.3.1. Duties and powers of the Supervisory Committee

The Supervisory Committee exercises the following powers and duties:

- Inspection and verification. To adequately monitor the sensitive areas and Sensitive Activities, as well as the effectiveness of the control safeguards, the Supervisory Committee may carry out investigations, verifications, and inspections, both periodically and in response to incidents. Such activities do not need to be announced and can be carried out by the Supervisory Committee independently or with the support of the Company's control functions and/or external Consultants (always under the direct supervision and responsibility of the Supervisory Committee). The Supervisory Committee may freely access any office, department, or management level within the Company and request any information, document, or data related to the Company deemed relevant.
- Monitoring of the Model's implementation, as well as its effectiveness in preventing Predicate Offenses and detecting, in a timely manner, instances of misconduct. The Supervisory Committee is furthermore responsible for periodically reassessing the mapping system of Sensitive Activities.
- Information dissemination and training. In this regard, the Supervisory Committee is responsible for the following activities:
  - Suggesting improvement interventions to the relevant Functions/Sub-functions regarding the Internal Control and Risk Management System, as well as the overall procedures of the Company, with the aim of eliminating or reducing the risk of offenses.
  - Reporting to the Management Body any need to update the Model, detailing the precise necessary corrective measures. This activity is particularly crucial in the event of (a) significant Model violations; (b) significant changes in the Company's organizational structure; (c) when there are regulatory novelties or jurisprudential developments; (d) and in any other case the Supervisory Committee deems appropriate.
  - Facilitating the training of the Addressees, in collaboration with relevant Functions/Sub-functions and external Consultants, through specialized courses and meetings that focus on the risks associated with crimes relevant to the Company's activities.
  - Proposing appropriate ways to disseminate the Model to Third Parties.
  - Providing, where requested, adequate clarification of the Model and of the Decree's regulatory system in general.
  - Promoting the institution of disciplinary proceedings in case of established Model violations.

## **4.4. Information flows under the responsibility of the Supervisory Committee**

For the organization and management model to be deemed suitable, it is necessary to set “information obligations”<sup>33</sup> toward the Supervisory Committee “relating both to the performance of sensitive activities and to anomalous situations or possible violations of the Model.”<sup>34</sup> In this regard, the main Guidelines, as well as case law and legal theory on the subject, recommend establishing dedicated information flows to the Supervisory Committee and having the Supervisory Committee submit specific reports to the Management Body.

Information flows to the Supervisory Committee are divided into (a) periodic information flows, of regular frequency and coming from the Functions/Sub-functions deputed to manage Sensitive Activities; and (b) event-based information flows, which must be carried out in the event of certain occurrences, such as news of criminal proceedings involving an Apical Subject or a Subordinate Subject of the Company.

Reports of suspected Model violations represent a specific kind of event-based information flow to the Supervisory Committee.

In turn, the Supervisory Committee is required to periodically inform the Corporate Bodies of the supervisory activities carried out as well as of any violations of the Model, the latter being an essential step for the establishment of disciplinary proceedings.

### **4.4.1. Information flows to the Supervisory Committee**

Functions/Sub-functions must regularly update the Supervisory Committee with all important information regarding the application of the Model within Sensitive Activities. As mentioned, information flows to the Supervisory Committee include both periodic and event-based flows.

For periodic reporting, the Function/Sub-function Leads are the Supervisory Committee’s primary contacts regarding the application of the Model in their respective functions. They oversee the ordinary reporting to the Supervisory Committee and, where required, must submit a notice summarizing the degree to which the Model is implemented and applied in their respective areas. These reports should come at least once a year and should indicate any anomalies or critical issues encountered, as well as the main occurrences that took place.

With reference to event-based information flows, the Supervisory Committee must be informed in writing about the following:

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<sup>33</sup> See article 6(2)(d) of the Decree.

<sup>34</sup> See National Council of Certified Public Accountants and Accounting Experts, Guidelines, December 2018.

- The Company's activities that may be relevant to the performance of the Supervisory Committee in its assigned duties, with particular reference to:
  - Organizational changes that have occurred in the area of Sensitive Activities and any relevant changes in the organizational structure of the Company
  - The introduction or updating of corporate procedures or guidelines
  - Any updates to the system of powers of attorney and proxies (and related articulation of powers)
  
- Any news that may relate to violations of the Model, including but not limited to the following examples:
  - Measures taken by any authority that reveal ongoing investigations, including those against unknown persons, for any Predicate Offense involving the Company or its Apical Subjects or Subordinate Subjects
  - News, including press reports, about criminal proceedings against known or unknown persons where the facts are of interest to the Company
  - A request for legal assistance made by one of the Addressees of the Model when faced with the initiation of legal proceedings, whether civil or criminal, for a Predicate Offense
  - Internal reports to the Functions/Sub-functions that may identify critical aspects regarding compliance with the Model in particular and the Decree in general

In the above cases, the Supervisory Committee must receive full and detailed information, possibly supported by appropriate documentation.

#### **4.4.2. Information flows from the Supervisory Committee**

In the execution of its duties, the Supervisory Committee must carry out the following information flow activities:

- Inform the Management Body, immediately and in writing, of any significant critical issues related to the Decree
- Immediately report to the Management Body verified violations of the Model that may expose the Company to potential liability, enabling appropriate action to be taken.
- Transmit, at the end of each fiscal year, a report to the Management Body that detail (a) the activities carried out and the budget used; (b) any anomalies and critical issues encountered; (c) any corrective or improvement initiatives implemented or undertaken; (d) the number of reports received; (e) the degree of implementation and adherence to the Model; (f) the training on the Decree given during the reporting year; (g) the plan of activities to be carried out during the following year (alternatively, the plan of activities may be contained in a separate document to be sent at the beginning of each year); and (h) the results of the audits conducted

The Management Body may convene the Supervisory Committee whenever they deem it appropriate, to report on specific events or facts or to discuss matters of particular importance with regard to the application and observance of the Model. Minutes of the relevant meeting must be taken and delivered to the Supervisory Committee.

The Supervisory Committee may provide the results of its inspection and supervisory activities to the Leads of the Functions/Sub-functions if critical issues or areas for improvement emerge. Such communication may include suggested measures to be taken, pending the approval of the Management Body. If these measures are approved, the Function/Sub-function Leads are required to adopt them and eliminate the identified criticality. The Leads must also provide the Supervisory Committee with an action plan, including a timeline.

## **4.5. Information management**

The Supervisory Committee is required to manage and keep, in a special protected file (computer or paper), all data and information it comes into possession or knowledge of in the performance of its functions, including reports, and, especially, alerts. Such data should be kept under strict confidentiality.

# **Chapter 5: Whistleblowing reports**

In accordance with legislative decree no. 24/2023 on whistleblowing and article 6, paragraph 2-bis of the Decree, the company has set up dedicated communication systems to allow the Supervisory Committee to receive reports on any of the following:

1. Predicate Offenses, or well-founded risks of them
2. Violations, suspected violations, or attempted violations of the 231 Model, including the Code of Ethics
3. Offenses that fall within the scope of the European Union or national acts listed in the Annex to Legislative Decree no. 24/2023 or Italian legislation that implements the acts of European law listed in the Annex to Directive (EU) 2019/1937, relating to the following areas:
  - Public procurement
  - Services, products, and financial markets, and prevention of money laundering and financing of terrorism
  - Product safety and compliance
  - Transport safety
  - Environmental protection
  - Radiation protection and nuclear safety



- Food safety and animal health and welfare
  - Public health
  - Consumer protection
  - Privacy and personal data protection, and security of networks and information systems
4. Acts or omissions detrimental to the financial interests of the European Union, protected under article 325 of the Treaty on the Functioning of the European Union
  5. Acts or omissions concerning the internal market, as referred to in article 26.2 of the Treaty on the Functioning of the European Union, including violations of European competition and state aid rules, as well as violations concerning the internal market, related to acts that violate corporate tax rules or mechanisms whose purpose is to obtain a tax advantage that impedes the object or purpose of the applicable corporate tax law
  6. Conduct likely to impede the object or purpose of the provisions set forth in the European Union acts in the areas identified under items 3, 4, and 5 above
  7. Administrative, accounting, civil, and criminal offenses of any nature other than the above

As per article 1, paragraph 2 of Legislative Decree No. 24/2023, reports may not concern any of the following:

- Disputes, claims, or demands due to a personal interest, that relate solely to the whistleblower's individual working relationship—including with subordinates
- Reports of violations already necessarily regulated by the European Union acts listed in Part II of the Annex to Legislative Decree No. 24/2023 or by national acts that implement the European Union acts listed in Part II of the Annex to Directive (EU) 2019/1937
- National security and defense

The information provided by the whistleblower must be as clear, precise, and detailed as possible.

Wherever possible, and with exceptions evaluated on a case-by-case basis, any contracts with Third Parties that are drafted or negotiated by the Company should include the duty to immediately report to the Supervisory Committee any violations of the Model—even if only presumed or attempted.

## 5.1. Internal channels

The preferred channel for submitting reports to the Supervisory Committee is the dedicated web platform, accessible at the following link:

<https://whistleblowersoftware.com/secure/bendingspoons>

Alternatively, reports can be submitted to the Supervisory Committee via any of the following means:

- Written notice, mailed to the registered office of the Company and clearly marked "Confidential to the Supervisory Committee: Strictly personal"
- Face-to-face meeting, if requested by the whistleblower to the Supervisory Committee

Reports can also be submitted as a voice message, via the dedicated web platform or as an email attachment.

If the whistleblower uses a voice messaging system then, with the prior consent of the whistleblower, the report is documented by the Supervisory Committee either via recording on a device suitable for storage and listening or via transcript. In the latter case, the whistleblower must sign the transcript to confirm its accuracy.

In filing a report, the whistleblower may be assisted by a facilitator.

If the report is submitted to a person or body other than the Supervisory Committee, where the whistleblower declares their intention to leverage the protections provided for by Legislative Decree No. 24/2023 (or where such intention can be inferred from the report or from concluding conduct), the report must be submitted within seven days of its receipt to the Supervisory Committee. The whistleblower must simultaneously be informed of this submission.

If the whistleblower doesn't declare that they wish to leverage such protections, or if this intention can't be inferred from the report or concluding conduct, then it's considered an ordinary report and isn't subject to Legislative Decree No. 24/2023 and the Model.

## 5.2. Content of reports

The Supervisory Committee carries out appropriate verifications to ascertain the veracity of the reported facts. Accordingly, the whistleblower is asked to provide in their report the following:

- The identity of or general information about the whistleblower (unless they wish to remain anonymous)
- The identities of or general information about those involved
- The identities of anyone else who may provide relevant information concerning the report
- An accurate, clear, and complete description of the facts being reported, including the time and place of any relevant incidents
- Relevant documents and other information
- Any other relevant information

The information listed above must be known by the whistleblower themselves, as opposed to being reported to them by someone else.

### 5.3. Management of reports

Within seven days of receiving the report, the Supervisory Committee sends an acknowledgment of receipt to the individual who submitted it.

The management of reports process consists of the following two steps:

#### Step 1: Preliminary verification

The purpose of the preliminary verification is to assess whether there's any conflict of interest with the Supervisory Committee, and to assess the admissibility of the report.

There may be a conflict of interest if any of the following conditions are met:

- There exists a prior hierarchical relationship between a member of the Supervisory Committee and the whistleblower or another individual involved
- In the case of providers and consultants, a member of the Supervisory Committee is their point of contact
- A member of the Supervisory Committee is in some way implicated in the report, potentially as a participant or a witness
- A member of the Supervisory Committee has an interest that may undermine their independence and impartiality in the handling of the report

Should a conflict of interest exist that involves a member of the Supervisory Committee, that individual refrains from handling the report, including by taking the appropriate segregation measures on the IT platform.

Should a conflict of interest exist that involves both members of the Supervisory Committee, the whistleblower is informed of the situation within three months of the submission of the notice of receipt. In the absence of the notice, the whistleblower is informed within three months of the receipt of the report. In such a case, the whistleblower may submit a report using the external channels indicated in section 4.4.3 below.

The Supervisory Committee proceeds to assess the admissibility of the report pursuant to Legislative Decree no. 24/2023. As a result of this assessment, the Supervisory Committee may decide to take either of the following actions:

- A. Dismiss the report, in the event of any of the following:

- Manifest groundlessness of the report, due to the absence of factual elements attributable to the violations pursuant to Legislative Decree no. 24/2023. If the report is relevant to other areas of the Company's business, the Supervisory Committee informs the competent Functions so that they can take care of the report, without the protections regulated herein.
  - Unclear content of the report, such that the facts can't be determined.
  - Unsuitable or inconclusive documentation attached to the report, such that the facts can't be determined.
- B. Carry out further investigation according to the methods detailed in section Step 2 below.

## Step 2: Investigation and communication of findings

If the report is determined to be admissible, the Supervisory Committee proceeds with the investigation to ascertain the merits of the report.

In carrying out the investigation, the Supervisory Committee may, where appropriate, do any of the following:

- Ask the whistleblower for relevant documentation, clarification, and additional information
- Acquire documentation from Spooners, Collaborators, or Corporate Bodies, and ask for their adherence
- Involve third parties, through hearings and other requests.

The Supervisory Committee takes appropriate measures to protect the confidentiality of the whistleblower and any individuals involved.

The Supervisory Committee informs the Management Body about the investigation to be carried out if it needs to collect any of the following:

- Corporate documents
- Support from internal or external individuals
- Any other supporting evidence

Once the investigation has been completed, the Supervisory Committee assesses whether or not the report is founded.

If the report is unfounded, the Supervisory Committee (with adequate justification) dismisses it. The Supervisory Committee informs any relevant Functions of the Company so that they can take care of the report, without the protections regulated herein.

If the report is founded and a violation is determined to have taken place, the Supervisory Committee informs the Management Body of the investigation carried out and its results, so that the appropriate measures can be taken. Thereafter, the Management Body, in consultation with the relevant Functions, assesses the situation and imposes any sanctions.

The Supervisory Committee informs the whistleblower at the end of the investigation phase or, in the case of dismissal, at the end of the preliminary verification phase. In any case, the whistleblower is informed within three months of the submission of the notice of receipt or, in the absence of the notice, within three months after the seven-day period from the submission of the report.

If any corrective actions concerning the internal control system emerge, the relevant Lead architects a corrective action plan to resolve the issues. The Supervisory Committee, to the extent of its competence, monitors the plan's implementation.

On a once-yearly basis, the Supervisory Committee informs the Management Body about the reports received in the previous year and their status, as well as informing them about the progress of any corrective actions.

## **5.4. Retention of reports**

Reports and associated documentation submitted via the web platform are archived and stored on the platform.

Reports and associated documentation submitted via other approved channels are filed and stored in a manner appropriate to ensure the confidentiality of the whistleblower and anyone else involved.

Reports and associated documentation are retained for as long as is necessary for the handling of the report and, in any case, no longer than five years from the date that the outcome is communicated, without prejudice to longer retention periods determined by requests or orders of the authorities or the defense of the Company's rights in court.

## **5.5. External channels**

If the conditions set forth in article 6 of Legislative Decree no. 24/2023 are met, the whistleblower may submit an external report to the National Anti-Corruption Authority ("ANAC").

Specifically, reports can be submitted to ANAC in any of the following cases:

- If the mandatory internal channel isn't active, or is active but doesn't comply with the provisions of Legislative Decree no. 24/2023
- If the whistleblower has already submitted the report internally but it hasn't been followed up upon
- If the whistleblower has reasonable grounds to believe that submitting the report internally would put them at risk of retaliation
- If the whistleblower has reasonable grounds to believe that the report wouldn't be followed up upon if submitted internally
- If the whistleblower has reasonable grounds to believe that there's an imminent or obvious danger to the public interest
- If the whistleblower has reasonable grounds to believe that the Supervisory Committee's impartiality and independence is compromised, such as if there's a clear conflict of interest involving both members of the Supervisory Committee or if the report implicates members of the Supervisory Committee

In addition, as provided for by article 15 of Legislative Decree No. 24/2023, the whistleblower may submit a public disclosure in any of the following cases:

- The whistleblower has already submitted both an internal report to the Supervisory Committee and an external report to ANAC, and neither report was responded to within the prescribed time frame
- The whistleblower has already submitted an external report to ANAC, which wasn't responded to within the prescribed time frame

The whistleblower may make a direct public disclosure in any of the following cases:

- If the whistleblower has reasonable grounds to believe, based on concrete circumstances (and not on mere inferences), that there's an imminent or obvious danger to the public interest
- If the whistleblower has reasonable grounds to believe that submitting the report to ANAC would put them at risk of retaliation
- If the whistleblower has reasonable grounds to believe that the report wouldn't be followed up upon if submitted to ANAC

Legislative Decree No. 24/2023 also recognizes the option for a whistleblower to turn to the judicial authorities to file a complaint of unlawful conduct that they've become aware of within the Company's working environment. Rules concerning the protection of confidentiality and the content of reports must be followed by the relevant judicial authorities.

## 5.6. Prohibition of retaliation or discrimination

Whistleblowers in good faith are protected from any form of discrimination, retaliation, or penalization. The proper fulfillment of their reporting duty can't result in the initiation of disciplinary proceedings or the application of related penalties against them. In handling reports, the confidentiality of the whistleblower's identity is always guaranteed, without prejudice to the legal obligations and rights of the Company. The confidentiality of anyone reported in error or in bad faith is also guaranteed.

The Company ensures that the identity of the whistleblower isn't disclosed without the whistleblower's express consent.

All parties involved in the handling of the report are required to protect the confidentiality of the report, except in the following cases:

- If the whistleblower is liable for libel or slander under the provisions of the Italian criminal code
- If the whistleblower incurs non-contractual civil liability under article 2043 of the Italian civil code
- If confidentiality isn't enforceable by law

Any violation of the duty of confidentiality determines disciplinary liability, without prejudice to any further liability provided by law.

Any retaliatory or discriminatory action, direct or indirect, against the whistleblower by reason of the report is prohibited. Retaliatory or discriminatory action is defined as any behavior, act, or omission—even if only attempted or threatened—carried out by reason of the report that may cause the whistleblower unfair harm, be it directly or indirectly. The following are considered forms of retaliatory actions:

- Dismissal, suspension, or equivalent measures
- Grade demotion or non-promotion
- Change of duties, workplace, or working hours
- Reduction of salary
- Suspension of training opportunities or restriction of access to them
- Negative merit notes or negative references
- Adoption of disciplinary measures or other penalties, including fines
- Coercion, intimidation, and harassment
- Non-renewal or early termination of a fixed-term employment contract
- Early termination or cancellation of the contract for the provision of goods or services

The aforementioned protections apply exclusively to reports relevant under Legislative Decree No. 24/2023.

## **Chapter 6 - Code of Ethics**

### **6.1. The Code of Ethics**

The Company has established its own Code of Ethics, encompassing the fundamental principles and values guiding its business activity. All Addressees must conform to the Code of Ethics when representing the Company or acting on its behalf, when interacting with Third Parties, and in their relations with the Company itself.

The Code of Ethics, although the subject of a separate document, constitutes an integral and essential part of the Model, so that any conduct deviating from the principles and values established therein constitutes a violation of the Model, with all the related consequences (including the activation of the disciplinary system).

### **6.2. Purpose of the Code of Ethics**

With the rules it contains, the Code of Ethics ensures that the Company conducts itself in line with particularly high ethical standards, marked by the utmost fairness and transparency. This guarantees the possibility of protecting stakeholders' interests, preserving the Company's image and reputation, and ensuring an ethical approach to the market in which AI Creativity operates.

### **6.3. Structure of the Code of Ethics**

The Company's Code of Ethics consists of a first part, in which the general principles are defined, and a second part, in which the principles of conduct concerning certain specific categories of individuals are more clearly defined.

## **Chapter 7 - Dissemination of the Model and staff training**

### **7.1. Background**



The effective implementation of the Model requires that its content, as well as the regulations set forth in the Decree, be widely disseminated within the Company. Likewise, the Model must be adequately brought to the attention of Third Parties with any kind of relationship with the Company.

Effective awareness of the Model within the Company requires clear, comprehensive, and easily accessible communication and training. Addressees, therefore, must be fully aware of all of the following:

- The risks of crime related to the activity carried out by the Company
- The company protocols and procedures to be observed, being critical for eliminating or mitigating the risk of Predicate Offenses
- The regulatory system provided by the Decree
- The activity of the Supervisory Committee and its functionality
- The ethical principles they must conform to in carrying out their activities for the benefit of the Company

## **7.2. Communication**

To enable the widespread dissemination of the Model, a full copy of the Model must be made available in the following ways:

- Provided in digital format to all Company personnel upon acceptance of appointment or employment, as well as upon any significant updates or changes of the Model
- Published on dedicated internal communications platforms

The General Part of the Model and the Code of Ethics must also be delivered in digital or paper format to the Addressees. Relevant contractual agreements must include acknowledgment and acceptance of these documents, as well as the duty to comply with their principles and provisions

## **7.3. Training**

Every year, the Supervisory Committee collaborates with the relevant corporate structures to determine the training requirements pertaining to the regulatory system of the Decree and the Model. If needed, the Supervisory Committee may seek assistance from Consultants in this regard.

The required training differs, both in content and in manner of delivery, according to the qualification of those receiving the training, the existence of risk in the area in which they work, and whether they hold representative functions in the Company.

It is mandatory for courses to maintain attendance records and conduct periodic assessments to evaluate the learning progress.

All documentation pertaining to training must be stored.

## **Chapter 8 - Disciplinary System**

### **8.1. The function of the disciplinary system**

A further requirement of the Model, which is indispensable for its effectiveness in exempting the administrative liability contemplated by the Decree, is the existence of a disciplinary system “suitable for sanctioning non-compliance with the measures indicated in the model.”<sup>35</sup>

The disciplinary procedure is managed by the Employer, with the operational support of People Administration and, if necessary, in collaboration with the Leads of the Functions to which the perpetrator of the hypothetical infraction belongs and with the help of Consultants. The proceedings may be initiated at the instigation of both the Leads and the Supervisory Committee, including as a result of reports received.

The Supervisory Committee periodically verifies the adequacy of the disciplinary system and is continuously informed about the course of any proceedings, right from the notification measure. In particular, the Supervisory Committee is involved throughout the course of the disciplinary proceedings in an advisory capacity, to acquire any useful elements for updating the Model. Similarly, it monitors the actions taken by AI Creativity against individuals outside of the Company.

The disciplinary system applies to any violation of the Model, regardless of whether it constitutes a criminal or civil offense, and irrespective of ongoing legal proceedings. The system devised by AI Creativity is designed to ensure confidentiality, respect for the dignity and reputation of individuals involved, and compliance with applicable laws and regulations.

### **8.2. Violations of the Model and related sanctions**

The Company's disciplinary system is inspired by the principle of certainty, so that any conduct that can be considered a disciplinary offense is clearly and accurately defined, just as the sanctions that can potentially be imposed are clearly listed. To this end, the behavioral rules contained in the Model are widely disseminated.

Therefore, the following constitute disciplinary offenses susceptible to a corresponding penalty:

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<sup>35</sup> See art. 6(2)(e) and art. 7(4)(b) of the Decree.

- The violation of internal procedures provided for or referred to by the Model, even if it does not result in the risk of a Predicate Offense
- The violation of the requirements of the Model that result in the risk of the commission of one or more Predicate Offenses
- Conduct that clearly violates the guidelines of the Model and is aimed at committing one or more Predicate Offenses
- The commission of one or more Predicate Offenses, likely to result in the Company being subject to the specific sanctions outlined in the Decree

Disciplinary sanctions are diversified according to the perpetrator of the violation, by virtue of the different relationships with the Company. In accordance with the principles of gradualness and proportionality, the type and extent of the sanctions themselves are graduated and are proportionate to the following considerations:

- The seriousness of the infringement, taking into account (a) the overall conduct of the perpetrator; (b) the detrimental effects caused to the Company and/or personnel, both in terms of economically assessable prejudice and in terms of exposure to the risk of sanction under the Decree; and (c) the duties and functions concretely performed by the perpetrator, and therefore the degree of responsibility and autonomy entrusted to them
- The degree of intentionality of the conduct, defined either as voluntariness or as negligence, recklessness, or inexperience
- The possibility that the violation be repeated, taking into account (a) any previous disciplinary measures for any offense; (b) any occurrence of the same offense committed within the previous two-year period

It is always essential to consult the opinion of both the Supervisory Committee and the Lead of the relevant Function/Sub-function when determining the appropriate disciplinary sanction for the perpetrator. Additionally, all the specific circumstances of the case must be taken into account, while ensuring compliance with relevant regulations such as the civil code and the Workers' Statute.

Regardless of the disciplinary proceedings, the Company may always take action for compensation for damages suffered due to a Model violation.

### **8.3. Measures against Apical Subjects**

With regard to Apical Subjects, meaning those who perform functions of administration, representation, management, or control of the Entity, the Company's disciplinary system is articulated differently depending on whether the perpetrator of the violation is a member of the Corporate Bodies or a Spooner with executive functions.

### **8.3.1. Members of the Management Body**

In the event of a Model violation committed by a board member, the Supervisory Committee will promptly notify the Management Body in writing. This enables them to make appropriate decisions and, in severe cases, convene a Shareholder's Meeting to address the resolutions stipulated in the civil code and the Bylaws. In case of inaction by the Management Body in convening the Shareholder's Meeting, the Supervisory Committee may proceed to inform the Shareholder of the violation directly. The Supervisory Committee has the right to attend the relevant Shareholder's Meeting. The Shareholder's Meeting will assess the most appropriate measures to be taken based on the concrete circumstances and after hearing the Supervisory Committee. Such measures may include suspension from office and salary or revocation of the perpetrator's position. The Supervisory Committee must be properly informed of the reasons underlying the determinations made against the perpetrator of the violation.

### **8.3.2. Executives**

In the case of Spooners holding managerial positions who have committed a violation of the Model or have allowed its violation by Subordinate Subjects, the Company conducts a rigorous assessment to determine whether the fiduciary bond, which is an integral part of the managerial function, should be maintained. If the violation is of such significance as to sever the fiduciary bond, dismissal shall take place. Specifically, dismissal with notice shall be given when the Spooner with managerial functions has, in a grossly negligent manner, violated the Model or failed to supervise Subordinate Subjects, thereby enabling them to violate the Model. On the other hand, dismissal without notice is given if the Spooner with managerial functions has either (a) wilfully failed to supervise their Subordinates, thus enabling them to violate the Model; or (b) wilfully violated the Model themselves, in which case, the infraction is so serious that it does not allow the continuation of the working relationship, even temporarily. The offense is of significant seriousness when the conduct, including the omission thereof, of the Spooner with managerial functions has exposed the Company to the risk of being subjected to criminal proceedings and thus to the sanctions provided for in the Decree.

## **8.4. Measures against Subordinate Subjects**

The Model is among the “provisions for the performance and discipline of work” to which Spooners must conform their conduct in the performance of their work.<sup>36</sup> Any violation of the Model by the Company's personnel constitutes, under the CCNL, a disciplinary offense subject to sanction per the Workers' Statute and applicable regulations. The Model stipulates the behaviors to be adopted and avoided, as well as the relevant sanctions in case of violation.

Non-compliance with the provisions of the Model by a Spooner is subject to sanctions, based on the severity of the offense, which are as follows:

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<sup>36</sup> See articles 2104 and 2105 of the civil code.

- A verbal warning
- A written warning
- A fine (not exceeding four hours' pay)
- Suspension from work and pay (up to a maximum of ten days)
- Dismissal for misconduct with notice
- Dismissal for misconduct without notice

## **8.5. Measures against Collaborators and Third Parties**

Where feasible, all current contractual arrangements with the Company include provisions for acknowledging and agreeing to the General Part of the Model and the Code of Ethics of AI Creativity. It is also the responsibility of the contracting parties to adhere to the guidelines outlined in the Model and report any violations they become aware of to the Supervisory Committee, as well as the relevant Functions/Sub-functions, if applicable. This reporting should be conducted in accordance with the guidelines specified in section 4.4.3 (Reporting) of the General Part.

Furthermore, contracts may include provisions stating that a breach of specific requirements of the Model by the contractual parties can lead to the termination of the contract under article 1456 of the civil code (Clause 231). In such instances, this does not prevent the Company from seeking compensation for any damages resulting from the breach. Additionally, the contract may be terminated in accordance with article 1456 of the civil code if the contractor has been subjected to a precautionary measure or convicted of a Predicate Offense, as specified by the code of criminal procedure or the Decree. This includes cases where the penalty has been imposed or requested by the parties in accordance with the code of criminal procedure.

## **8.6. The disciplinary procedure**

The disciplinary procedure is managed by the Management Body, with the operational support of People Administration. It is initiated by the Function/Sub-function Leads or the Supervisory Committee.

If the proceedings are initiated by a Function/Sub-function, the Supervisory Committee conducts a preliminary "pre-investigation" phase. Within thirty (30) days, after conducting the necessary verifications, the Supervisory Committee issues one of the following orders:

- Dismissal of the case with written reasons if the report is found to be unfounded, or
- Continuation of the proceedings to the pre-trial stage

If the proceedings are initiated by the Supervisory Committee, the preliminary investigation phase is carried out directly.

In the event of a continuation of the proceedings, the Management Body initiates a specific and written response to contest the disciplinary offense. In the subsequent preliminary phase, People Administration, possibly with support from the Supervisory Committee and/or assistance from Consultants, carries out the necessary investigations. After contestation, an adequate period is provided for the preparation of the defense, as outlined in the relevant NCLA. The preliminary investigation should be completed within forty-five (45) days from the notification of the offense, unless additional time is required due to the complexity of the investigations. In any case, the investigation period should not exceed three months. This phase includes a hearing with the involved party and, if necessary, their designated Lead.

If the disciplinary offense is determined to have been committed, the Management Body shall issue a disciplinary sanction through a reasoned order. This decision will be made after considering the opinion of the Supervisory Committee, People Administration, and any relevant Lead associated with the offender. Alternatively, if the offense is not substantiated, the proceeding will be closed with a reasoned dismissal.

Disciplinary proceedings must comply with the procedures, provisions, and safeguards set forth in the Workers' Statute (see article 7) and, where applicable, the NCLA on disciplinary measures. Specifically, the following conditions must be met:

- Disciplinary action may not be taken without first contesting the charge and hearing the alleged perpetrator's defense.
- For disciplinary measures more severe than a verbal warning, a written challenge stating the facts constituting the offense is required.
- The alleged perpetrator must be given a reasonable period of time to submit counterarguments in their defense.
- The disciplinary measure must be adopted and communicated to the subject no later than fifteen (15) days before the expiration of the designated period for submitting counterarguments. However, if evaluating the counterarguments proves challenging, this deadline may be extended by thirty (30) days.
- If the offense complained of is severe enough to result in dismissal, the alleged perpetrator may be suspended from work as a precautionary measure until the disciplinary measure is imposed, without prejudice to their right to remuneration for that period.
- Any imposition of a disciplinary measure must be justified and communicated to the alleged perpetrator in writing via registered letter.
- Individuals have the right to appeal disciplinary measures in accordance with the applicable regulations, including any relevant agreements or covenants.

## **Chapter 9 - Updating the Model**

Amendments and additions to the Model are the responsibility of the Management Body. To this end, the Management Body may enlist the support of the Supervisory Committee and, if necessary, Consultants with expertise on the subject. In particular, the Supervisory Committee is required to continuously assess whether the Model retains the requirements of functionality over time and, if not, to suggest its update to the Management Body through proposals and observations.

Therefore, the Model update is promoted by the Supervisory Committee but is the responsibility of the Management Body. The Supervisory Committee assesses the need to update the Model annually. An update is always required in any of the following events:

- Changes in the Company's internal organizational structure, including as a result of extraordinary transactions
- Significant changes in the way business activities are carried out
- Changes in previously identified Sensitive Activities
- The identification of new Sensitive Activities
- Significant regulatory changes or significant changes in the jurisprudential interpretation of the Decree
- Violations of the Model
- Commissions of Predicate Offenses
- Detection of deficiencies, critical issues, or gaps in the Model's provisions