



ORGANISATION,
MANAGEMENT AND
MONITORING
MODEL PURSUANT
TO ITALIAN LEGISLATIVE DECREE
231/2001



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GENERAL SECTION

TERMS AND DEFINITIONS

NCLA: National Collective Labour Agreements and Additional Company Agreements

B of D: Board of Directors

Recipients: all persons obliged to the reading and observance of the Organisation and Monitoring Model

Italian Legislative Decree 231/2001 or Decree: Italian Legislative Decree of 8 June 2001 n. 231 "Regulation pertaining to administrative liability of legal entities, companies and associations also without legal status, pursuant to article 11 of the Law of 29 September 2000, n. 300" and successive modifications and integrations

Employees: people that work for the Company, in the employ of and under the Direction of the Company with an open-ended or fixed-term contract. Workers with autonomous collaboration contracts or project contracts, interns and apprentices are considered equal to employees with regards to the observance of the regulations pursuant to Italian Legislative Decree 231/2001

Suppliers: subjects that supply the Company with goods and/or services in virtue of agreements and/or contracts

Guidelines: documents issued by trade associations or qualified public bodies with regards to Italian Legislative Decree 231/2001

Model: Organisation, Management and Monitoring Model in accordance with Italian Legislative Decree 231/2001

SB: Supervisory Board. This refers to the internal supervisory board set up to supervise the functioning and observance of the Model, as well as its relative updating

Corporate Bodies: the corporate bodies provided for by the company by-laws

Risk assessment: structured methodology for the assessment of risk and relative controls

Disciplinary System: a document forming part of the Organisation Model, that regulates the sanctions applicable to the recipients of the Model for the non-observance of the regulations provided for

Senior management: people who fulfil roles of representation, administration or direction of the Company, one of its organisational units which is financially and administratively autonomous, as well as the subjects who carry out, also de facto, the management and the control of the same

Managed employees: people subjected to the management or supervision of senior management

Stakeholders: subjects with an interest in the Company, be they internal or external to the company environment

Internal Monitoring System: the set of protocols and actions adopted by the Company with the aim of preventing risk

INTRODUCTION

This document constitutes the General Section of the Organisation, management and monitoring model pursuant to Italian Legislative Decree 231/2001 (hereinafter referred to as the "Model") adopted by Diesse Rubber Hoses S.p.A. (hereinafter referred to as the "Company" or "Diesse").

The Organisation, management and monitoring model adopted by Diesse is aimed at constructing a structured and organic monitoring system with the purpose of preventing crimes pursuant to Italian Legislative Decree 231/2001.

The following are considered as "Recipients" of this Model and, as such, are obliged, within the field of their respective responsibilities and competences, to be aware of and observe the same:

- members of the corporate bodies (partners, directors, members of the board of Statutory Auditors);
- members of the Supervisory Board;
- employees;
- collaborators;
- suppliers and external consultants;
- any other figure who for whatever purpose established a relationship of collaboration with the Company.

The recipients of the Model are therefore obliged to faithfully respect all of the measures, also in fulfilment of the obligations of loyalty, correctness and diligence that are a consequence of legal relationships of a working nature established with Diesse.

The Company supervises the observance of the regulations contained in the Model, ensuring the transparency of the corrective actions taken in the event of violation of the same. Diesse undertakes to distribute the contents of the Model and successive updates both within the organisation and externally in a complete, accurate and continuous manner.

By virtue of that set out in Italian Legislative Decree 231/2001 (article 6, paragraph three), Models can be adopted on the basis of codes of behaviour or guidelines drawn up by representative and sector associations and communicated to the Ministry of Justice.

This Model has been prepared in compliance with the latest version of the guidelines from Confindustria (the Association of Italian Industries), which were approved by the Ministry of Justice in March 2014.

ITALIAN LEGISLATIVE DECREE N. 231 OF 8 JUNE 2001

1.1 ADMINISTRATIVE LIABILITY OF LEGAL ENTITIES

Italian Legislative Decree 231/2001 "Regulation pertaining to administrative liability of legal entities, companies and also associations without legal status" issued in execution of the duties pursuant to article 11 of Italian Law of 29 September 2000, n. 300, introduced the concept of the autonomous criminal liability of legal entities to the Italian regulatory system, adapting internal regulations to a number of international conventions to which Italy had already adhered to some time before. The aforementioned Decree introduced for the first time in Italy the concept of direct liability of legal entities (companies, associations, bodies, etc.) for a number of crimes committed in the interests of or to the advantage of the same by:

- persons who fulfil roles of representation, administration or direction of the Organisation or of one of its organisational units which is financially and administratively autonomous, as well as the subjects who carry out, de facto, the management and the control of the same (the so-called senior management);
- people subjected to the management or supervision of one of the aforementioned subjects (the so-called managed employees).

This liability, defined as administrative by the Legislator but characterised by a profile of criminal importance applicable to organisations, is in addition to and not in substitution of the liability of the natural person who committed the crime. The administrative liability of the organisation is excluded in the case in which the agent commits the crime in the exclusive interests of themselves or of third parties.

The administrative liability introduced by the Decree is aimed above all at affecting the assets of organisations that have

gained from the committing of a number of criminal acts. It is therefore provided, in all cases, for the application of a pecuniary penalty variable in accordance with the gravity of the crime and the assets of the organisation. For the most serious crimes, prevision is also made for prohibitive measures such as the suspension or cancellation of licences and concessions, disqualification from signing contracts with Public Administration, disqualification from the carrying out business activity, the suspension or cancellation of loans and contributions and disqualification from the advertising of goods and services. However, articles 6 and 7 of the Decree provide for a form of exoneration from liability in the event that the organisation demonstrates to have adopted and effectively implemented Organisation, management and monitoring models suitable for the prevention of the committing of the crimes considered. The system also provides for the setting up of a monitoring body within the company (Supervisory Board) with the task of supervising the functioning and the observance of the Models, as well as taking responsibility for their updating.

The Models must respond to the following requirements:

- the identification of the processes and activities in the scope of which crimes can be committed;
- the setting out of specific "protocols" and procedures aimed at preventing the committing of crimes;
- the identification of methods for the management of financial resources suitable for preventing the committing of crimes;
- the setting out of obligations for the provision of information to the Board (SB) responsible for the supervision of the functioning and observance of the Model;
- the introduction of a disciplinary system suitable for the sanctioning of cases of non-compliance with the measures indicated in the Model.



1.2 "PREDICATE" OFFENCES

The liability of the organisation is not constituted by the committing of all the types of crime provided for by the penal code or by special laws by the aforementioned subjects, but is confined to the alleged predicate offences specifically provided for by Italian Legislative Decree 231/2001.

The offences provided for by Italian Legislative Decree 231/2001, organised by category, are as follows:

CATEGORIE
[art.24] Misappropriation of public funding, fraud against the State or a public body or to obtain public funding or IT-related fraud against the State or a public body
[art.24-bis] IT-related crimes and unlawful processing of data
[art.24-ter] Crimes committed by criminal organisations
[art.25] Extortion, undue inducement to give or promise an advantage and bribery
[art.25-bis] Forgery of money, money values having legal tender or revenue stamps and instruments or identification signs
[art.25-bis.1] Crimes against industry and commerce
[art.25-ter] Corporate offences
[art.25-quater] Crimes committed for purposes of terrorism or crimes designed to subvert democracy
[art.25-quater.1] Mutilation of women's genitals
[art.25-quinquies] Crimes against individual freedom
[art.25-sexties] Market abuse
[art.25-septies] Manslaughter or serious bodily harm committed with breach of laws governing the safeguarding of workplace health and safety
[art.25-octies] Handling stolen goods, laundering and use of money, assets or benefits whose origin is illegal
[art.25-novies] Crimes regarding breach of copyright
[art.25-decies] Inducement not to make statements or to make false statements to the courts
[art.25-undecies] Environmental crimes
[art.25-duodecies] Employment of citizens of third-world countries who are not legally permitted to stay in the country
[art.25-terdecies] Racism and xenophobia
[art.25-quaterdecies] Fraud in sports competitions and abusive gambling or betting and gambling with the use of banned equipment
[legge 146/2006] Transnational crimes

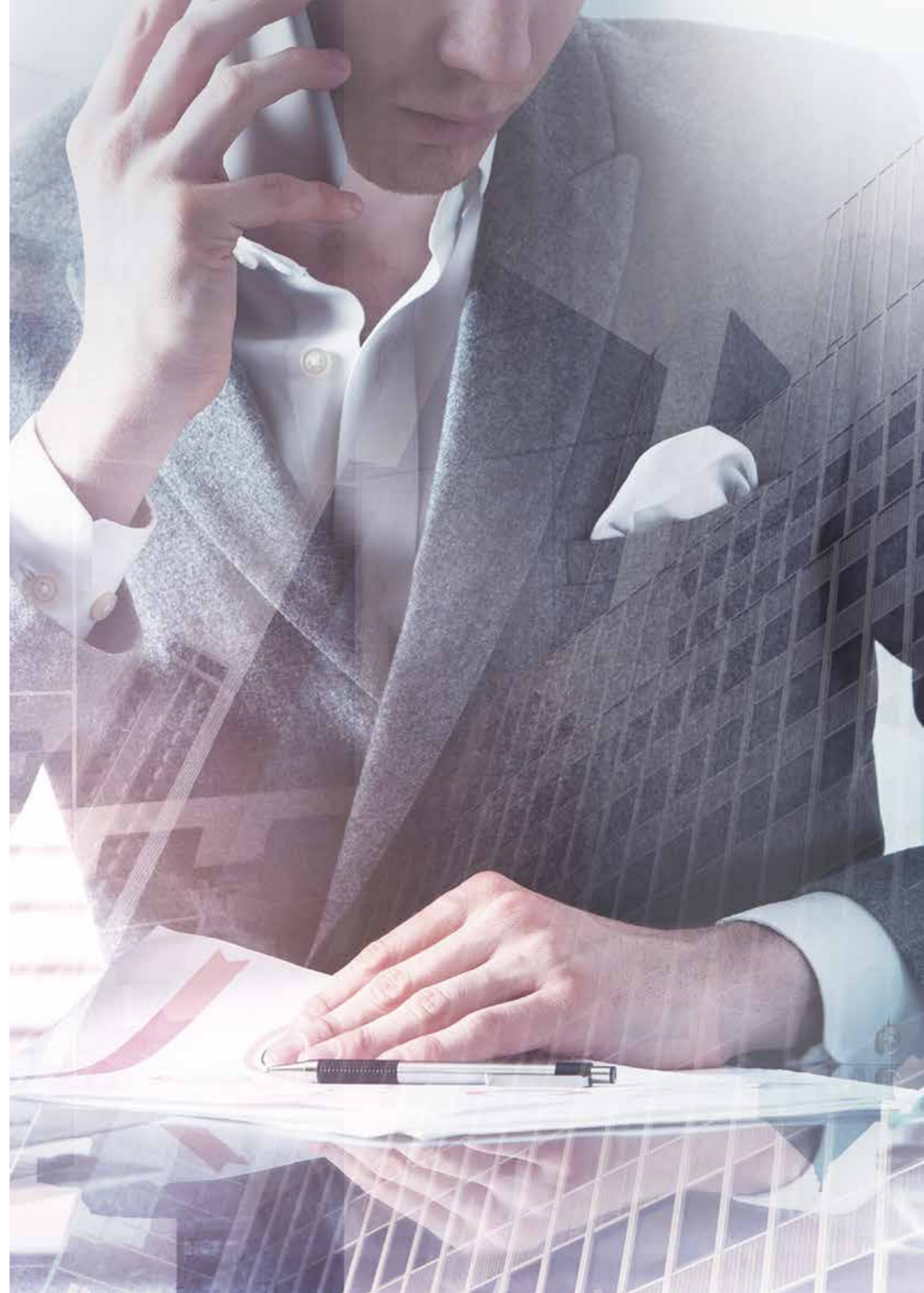
The complete list of the individual offences and sanctions is attached to the Model (**Appendix n. 4**).

1.3 SANCTIONS

The Decree identifies an articulated list of sanctions deriving from the administrative liability according to the offence. In brief:

- **pecuniary penalties** (articles 10 to 12 of Italian Legislative Decree 231/2001), the proportion of which is determined in number and value of sums in accordance with the gravity of the crime, the level of liability of the organisation and the activities carried out in order to prevent or reduce the consequences of the act or to prevent the committing of further crimes. The amount of the sum is determined on the basis of the economic conditions and the assets of the organisation, in order to ensure the effectiveness of the sanction;
- **disqualifications** (articles 13 to 17 of Italian Legislative Decree 231/2001):
 - a) disqualification from the carrying out of business activity;
 - b) the suspension or cancellation of authorisations, licences or concessions relative to the committing of the criminal offence;
 - c) disqualification from signing contracts with Public Administration, save for the obtaining of a public service;
 - d) the exclusion from benefits, loans, contributions or subsidies and the eventual revocation of those already granted;
 - e) disqualification from the advertising of goods or services.
- **confiscation of the proceeds or profits of the crime** (article 19 of Italian Legislative Decree 231/2001);
- **publication of the conviction** (article 18 of Italian Legislative Decree 231/2001).

It is opportune to point out that the ascertainment of the responsibility of the organisation, as well as the determination of if and how much is due for the sanction, is attributed to the competent criminal magistrate charged with judging the crimes on which administrative liability depends in the proceedings against the natural person.



1.4 CRITERIA FOR THE APPOINTING OF ADMINISTRATIVE LIABILITY

The premises for administrative liability are divided into objective and subjective criteria.

A) Objective criteria (article 5 of Italian Legislative Decree 231/2001)

- Committing by senior management or managed employees of one of the crimes provided for by the Decree;
- committing of the crime (either fully or partially) in the interest of or to the advantage of the organisation.

B) Subjective criterion (article 6 of Italian Legislative Decree 231/2001)

The crime has to constitute an expression of company policy or derive from “organisational liability”. It follows that if the organisation has no “liability”, it is not subject to the sanctions provided for by Italian Legislative Decree 231/2001.

The regulation states that “organisational liability” and, consequently, the liability of the organisation, is excluded if, prior to the crime being committed, the organisation adopts and efficiently implements organisation models suited to the prevention of offences of the type committed.

In this respect, it is necessary to distinguish two hypotheses:

1. For crimes committed by subjects in a “senior management” position, Italian Legislative Decree 231/2001 introduces a form of presumption relative to the liability of the organisation, as it provides for the exclusion of its responsibility only if it can demonstrate:

- that “the senior management organ adopted and efficiently implemented, prior to commission of the crime, organisation and management models which are suited to the prevention of offences of the type committed”;

- that “the task of supervising the functioning and the observance of the Models and taking responsibility for updating of the same has been delegated to a body within the organisation vested with powers to act on its own initiative and to carry out monitoring”;
- that “the persons committed the offence by fraudulently circumventing the organisation and management models”;
- that “there has been no omission or insufficient supervision on the part of the body vested with powers to act on its own initiative and to carry out monitoring”.

The conditions listed above need to all be met in order for the liability of the organisation to be excluded.

2. If the crime has been committed by persons in a “managed” position, there is no presumption of liability towards the organisation. Therefore, in order for the latter to be called to respond to the crime, it will be the responsibility of the prosecution during the trial to demonstrate that the committing of the crime was rendered possible by the non-observance of obligations of management or supervision.

In this sense, Italian Legislative Decree 231/2001 places responsibility on the non-observance of the duties of management and supervision that are typically applicable to company management (or to subjects charged with these duties).

The non-observance of the duties of management or supervision is not applicable “if the organisation, prior to commission of the act, adopted and efficiently implemented an Organisation, management and monitoring model suited to the prevention of offences of the type committed”.

ORGANISATION, MANAGEMENT AND MONITORING MODEL FOR DIESSSE RUBBER HOSES S.P.A.

2.1 COMPANY PROFILE AND HISTORICAL BACKGROUND

Founded in 1979, Diesse Rubber Hoses S.p.A. is a family-owned company recognised on a global level as a manufacturer of rubber hydraulic hoses for high and very high pressures.

The production plant is located in Filago in the province of Bergamo (Italy).

Committed from the beginning to innovation and market development, Diesse expanded through constant investment in research, technology and human resources, playing an important role in the world of hydraulics thanks to a wide range of hoses suitable for earth-moving, agriculture, heavy industry, deforesting and other market sectors such as civil, naval, off-shore and mining.

2.2 OBJECTIVES AND GOALS OF THE MODEL

With the adoption of the Model, Diesse aims to equip the company with a system of behavioural and procedural principles to integrate the internal organisation and monitoring instruments that responds to the objectives and requirements of the Decree.

In particular, via the identification of activities exposed to the risk of crime, the Organisation, management and monitoring model aims to:

- promote and valorise an even higher culture of ethics within the company, with a view to fostering correctness and transparency in the conducting of business;
- raise the necessary awareness in all of those operating for and on behalf of the Company of the risk, in the event of violation of the regulations indicted in the Model, of the committing of an offence punishable in both criminal and administrative terms not only by the employees themselves, but also by the Company;
- stress that these forms of illicit behaviour are systematically condemned by the Company as contrary to the ethical and social principles it follows, as well as to the law;
- inform all interested parties that the violation of the rules contained in the Model will lead to the application of sanctions or the termination of their employment contract;
- introduce a mechanism that allows the setting up of a permanent process for the analysis of company activities aimed at identifying the areas in which the crimes specified in the Decree could theoretically be committed;
- introduce monitoring principles to which the organisation must confirm, in order to concretely prevent the risk of the crimes specified in the decree from being committed within the scope of the specific activities emerging from the analysis of sensitive areas;
- set up a Supervisory Board with the duty to oversee the correct functioning and observance of the Model and ensure it is kept up to date.

2.3 STRUCTURE OF THE MODEL

The Model is made up of a General Section and a Special Section, as well as Appendices.

The General Section includes:

- the reference regulatory framework
- the objectives, structure and elements of the adopted Model
- the requirements, the functions and the powers of the Supervisory Board
- the activities for the informing and training of staff with regards to the adopted Model.

The Special Section of the Model is set out in distinct parts, each of which refers to a category of crime that, in the analysis stage, has been considered to have an impact on the activities carried out by the Company.

Each part of the Special Section indicates:

- a list of the offences;
- general principles of behaviour;
- sensitive processes and activities;
- company functions involved;
- possible ways the crimes can be committed;
- documentation and procedures;
- internal monitoring system.

The appendices to the Model are:

- Appendix 1_Code of Ethics;
- Appendix 2_Disciplinary System;
- Appendix 3_Risk Assessment;
- Appendix 4_List of Offences pursuant to Italian Legislative Decree 231/2001;
- Appendix 5_Governance System;
- Appendix 6_Regulations concerning information flows and reports to the SB.

2.4 APPROVAL, MODIFICATION AND EXECUTION OF THE MODEL

The Model is approved and adopted through a motion passed by the Board of Directors. The Board of Directors has the duty to update or integrate the Model, also on indications provided by the Supervisory Board, following:

- updates to regulations;
- significant changes in the company organisation;
- variations in the company processes, activities or business areas;
- occurrence of events out of the ordinary (serious violations, disputes, sanctions, etc.).

Any necessary modifications or integrations to the Model or documentation of the same, even those proposed by the Supervisory Board, are the exclusive responsibility of the Board of Directors, which also has the duty to provide a budget for the Supervisory Board that is suitable for the correct carrying out of its duties.

Proposals for substantial integrations or modifications to operational procedures that constitute monitoring measures regarding sensitive activities must be communicated to the Supervisory Board.



2.5 ELEMENTS OF THE MODEL

This model is based on the following integrated elements:

1. Code of Ethics;
2. Organisational Structure;
3. Powers of authorisation and signature;
4. Supervisory figures (governance);
5. Procedures;
6. Mapping of the areas at risk and of controls;
7. Disciplinary System;
8. Training and information regarding the Model and the Decree.

Code of Ethics

Diesse has adopted its Code of Ethics, which constitutes an integral part of the Model, in order to guarantee the observance of determined shared ethical values and specific regulations for behaviour with the aim of preventing the crimes specified in Italian Legislative Decree 231/2001.

The recipients of the Code of Ethics are the partners and the employees, as well as the directors, the statutory auditors, consultants, suppliers and in general all the subjects who can potentially carry out activities on behalf of the Company. The Code of Ethics is therefore also applicable to third parties for whom the observance of the principles contained in the Code of Ethics is governed by contractual agreements.

Organisational structure

The organisational structure of the Company is formally represented by the organisational chart and in the job descriptions that identify the roles and responsibilities of each company function. The organisational chart and job descriptions are referred to in the Model, in order to represent the organisational structure adopted by the Company (see Appendix_5_Governance).

Powers of authorisation and signature

The Chairperson of the Board of Directors has authority to sign for, and is the legal representative of, the Company. They are conferred all the powers of ordinary administration with

free and separate signature. The directors are conferred all the powers of ordinary administration with free and separate signature, including the purchase and sale of essential goods in general, vehicles and similar, in any case in reference to registered moveable assets (see Appendix_5_Governance).

Procedures

The Company has approved and implemented, within its organisation, an articulated system of operational procedures and instructions aimed at monitoring company processes.

The operational procedures and instructions are a fundamental part of the Integrated Company Management System in compliance with the international standards of the following regulations:

- ISO 9001
- ISO 45001

Supervisory figures

The Company adopts a traditional form of company governance with the presence of:

- Shareholders;
- Board of Directors;
- Board of Statutory Auditors.

These are accompanied by the Supervisory Board, which has the duty to guarantee the precise and effective supervision of the functioning and observance of the Organisation Model adopted by the Company in compliance with the provisions of Italian Legislative Decree 231/2001 (see Appendix_5_Governance).

Mapping of sensitive processes and activities

The mapping of sensitive processes and activities (Appendix_3_Risk Assessment) constitutes the basis of the Model adopted by Diesse.

The document, which has been drawn up in compliance with the Guidelines of Confindustria (the Association of Italian Industries), identifies the processes and the activities that pose a risk of crimes being committed and provides details of all the components of the internal monitoring system.

To this end, the Company has defined a methodology for analysis based on consolidated techniques of risk assessment and has defined a framework of controls referred to in the Risk Assessment Appendix.

The elements making up this framework are:

- regulation;
- traceability;
- organisation;
- segregation of functions;
- powers of authorisation and signature;
- monitoring and reporting.

Disciplinary System

The effective implementation of the Model is guaranteed by an appropriate Disciplinary System that sanctions the non-observance of the regulations contained in the Model and all of its elements. Diesse has adopted a Disciplinary System that sets out the possible violations to the Model and the relative sanctions that can be imposed, as well as the procedures for the application and imposition of sanctions according to specific categories of recipient. The Disciplinary System is autonomous and does not substitute the regulations that govern working relationships, such as the Workers' Statute and the applicable Company and National Collective Labour Agreements.

Training and informative activities

With a view to the efficient implementation of the Model, the Company promotes training and informative activities. To this end, a specific communication and training programme is set out that is structured per type of recipient with the aim of guaranteeing the diffusion of the contents of the Model and the Decree.

The Model is communicated to the Board of Statutory Auditors and the Supervisory Board, who receive authorised copies. The Model is also communicated to the employees via:

- consignment of an extract of the documentation to employees and newly employed staff members (Code of Ethics, Disciplinary System, General Section);
- information meetings on the objectives and contents of the Model (expressly provided for senior functions or area managers);
- posting on the company notice board of the Code of Ethics and the Disciplinary System.

Diesse also promotes the full disclosure of the Model outside of the Company to third parties via publication on the Company website of the Code of Ethics and the General Section of the Model.

The communication plan must be developed with the aim of providing widespread, clear and complete communication, providing for periodical updates in accordance with modifications or integrations to the Model or changes in regulations.

In order to guarantee effective awareness of the Model and its integral elements on all levels, the Management, in collaboration with the SB, annually plans and implements training sessions aimed at external collaborators and personnel.

The training programme provides for the application of two different training methods:

- general training aimed at all levels of the organisation;
- specific training for senior management and in general personnel involved in areas characterised by the risk of crime.

General training must provide basic knowledge of Italian Legislative Decree 231/2001 and of the content and objectives of the Model as well as the duties and powers of the SB.

Specific training must provide knowledge and awareness with regards to the risks associated with company activities, the monitoring measures to be implemented and techniques of risk assessment in order to provide concrete elements for the identification of any anomalies or nonconformity.

The requirements that the company training programme must satisfy are the following:

- participation to training courses is compulsory;
- the trainer must have the right competences;
- the frequency of training must be in line with company activities;
- training activities must be recorded and verified.

The training programme, as dictated by the relative guidelines, is to be provided in the use and/or the support of e-learning platforms.

THE SUPERVISORY BOARD

3.1 REQUIREMENTS OF THE SUPERVISORY BOARD

Italian Legislative Decree 231/2001, paragraph 1, among the essential elements for the exoneration of administrative liability for organisations, provides for the setting up of an internal body (Supervisory Board) vested with autonomous powers of initiative and control, with the duty to supervise the functioning of the Model and ensure it is updated.

In compliance with the Decree and the Guidelines issued by Confindustria (the Association of Italian Industries), the Supervisory Body must possess the following requirements:

- **autonomy:** the SB must be granted full autonomy, interpreted as free capacity for decision-making, self-determination and action. This autonomy is to be exercised above all with respect to company management, in the sense that the Board must remain free of all forms of interference or pressure from the management itself. The Supervisory Board sets out its own behavioural rules in the form of the regulations that it adopts;
- **independence:** the SB must have the role of a third-party organisation, hierarchically set at the top of the line of command, free of any subordination with regards to company management, and capable of adopting irrevocable measures and initiatives;
- **professionalism:** the requirement of professionalism is generally subjective and is verified for each component with preventative analysis of the curriculum vitae and past work experience of each member. In particular, it is necessary for the SB to be composed of subjects with specific knowledge of legal matters, of monitoring methods and activities, of the assessment and management of risks, company organisation, finance, auditing, management, etc., as well as specific abilities in relation to inspection and consultancy activities;

- **continuity of action:** continuity of action is understood in terms of effectiveness of supervisory and monitoring activities and in terms of the constant carrying out of the functions of the SB;
- **repute:** in consideration of the role they are called on to fulfil, the members of the Supervisory Board must have an ethic profile of irrefutable value.

3.2 APPOINTMENT, COMPOSITION AND DURATION OF THE SUPERVISORY BOARD

The Supervisory Board is appointed by the Board of Directors together with the adoption of the Model. Retribution is decided along with the appointment of the Board. The number and role of the components of the SB is decided by the Board of Directors. The role has a duration of three years.

Appointment to the Supervisory Board must be communicated to each appointed member and formally accepted by the same. Successively, the Board of Directors communicates the appointment of the SB to all levels of the organisation, highlighting the responsibilities, powers and duties of supervision.

3.3 CAUSES FOR INELIGIBILITY AND INCOMPATIBILITY

The following are considered causes for ineligibility:

- the presence of one of the circumstances specified in article 2382 of the Italian Civil Code;
- conviction and final sentencing for having committed one of the crimes sanctioned by Italian Legislative Decree 231/2001.

With the acceptance of the appointment, the SB implicitly recognises the non-existence of the aforementioned causes for ineligibility. The aforementioned rules are also applicable in the event of substitution of any member of the Board.

In the case in which a sentence has been passed, the Board of Directors, in the event of the sentence becoming final, can - on consultancy with the Board of Statutory Auditors - rule for the suspension of the powers of the Supervisory Board.

3.4 REVOCATION OF THE APPOINTMENT

The revocation of the appointment as member of the SB (also limited to a single component of the same) is the exclusive competence of the Board of Directors in consultation with the Board of Statutory Auditors.

Each member of the Supervisory Board cannot be removed from their post without just cause.

For example, just cause can be intended as:

- the loss of the subjective requirements listed above;
- the emergence of one of the aforementioned reasons for incompatibility;
- serious negligence in the carrying out of the duties related to the SB;
- the non-observance of the Model and the Code of Ethics adopted by the Company.

Each member of the SB can withdraw at any moment from the role, providing their reasons to the Board of Directors, with at least 30 days' notice.

3.5 POWERS AND FUNCTIONS OF THE SUPERVISORY BOARD

The main duties assigned to the SB concern:

- **supervision of the Model:**
 - the verification of the suitability of the Model in preventing the emergence of illicit behaviour as well as the highlighting of the implementation of the same
 - the verification of the effectiveness of the Model, or rather the correspondence between actual behaviour and that formally provided for by the Model itself
 - the verification of the observance of the principles of behaviour and the procedures provided for in the Model, and the identification of any cases of nonconformity
- **updating of the Model:**
 - the updating of the Model proposing, if necessary, the adaptation of the same to the Board of Directors.
- **information and training regarding the Model and the Decree:**
 - the promotion and monitoring of initiatives aimed to favour the communication of the Model and the provision of relative information and training for all subjects obliged to respect the relative measures (recipients);
- **provision of clarification regarding the Model** on the request of the company functions, the Board of Directors and the Board of Statutory Auditors;
- **periodical reporting to supervisory bodies** with regards to the state of implementation and operativity of the Model.

3.6 REPORTING BY THE SUPERVISORY BOARD TO THE COMPANY BODIES AND MANAGEMENT

The Supervisory Board periodically reports the results of its activities to the Board of Directors and the Board of Statutory Auditors.

The SB can be summoned at any moment by company management and the aforementioned bodies and can in turn make similar requests in order to report on the functioning of the Model or on specific situations regarding the implementation of the Model.

3.7 INFORMATION FLOWS TOWARDS THE SUPERVISORY BODY

The flows of information to and from the SB, provided for by article 6 of Italian Legislative Decree 231/2001, which expressly speaks of “obligations for information”, are one of the instruments available to the SB for the supervision of the effectiveness and efficiency of the Model.

There are different possible forms of information flows::

- a) *per event*;
- b) *periodical*;
- c) *reports*.

Flows per event are generated on the occurrence of a determined event or situation to be reported to the SB.

Periodical information flows, which are associated with deadlines/frequencies of sending, allow for the monitoring of the evolution of the activities and functioning of monitoring measures.

The details of the information flows are presented in the Appendix “Information flows and reports to the SB” (Appendix_6).

Reports (also known as **whistleblowing**) can come from any employee of Diesse who detects a risk, a possible case of fraud or any other form of behaviour that could represent violation of the Model.

In order to guarantee the responsible management of reports in line with the provisions of Law 179/2017 “Measures for the protection of sources of reports regarding crimes or irregularities to which they have become aware within the scope of a public or private working relationship” (also known as “whistleblowing”) and in compliance with the provisions of article 6 of Italian Legislative Decree 231/2001, paragraph 2-bis, as modified by the aforementioned law, the Company:

- provides dedicated channels for reporting that allow the subjects specified in article 5, paragraph one, letters a) and b) of Italian Legislative Decree 231/2001 to present, in protection of the integrity of the Company, reports of relevant illicit conduct pursuant to the Decree or violations of the Model that they have become aware of as part of their duties;
- guarantees the confidentiality of the identity of the subject reporting;
- bans all acts of retaliation or discrimination, be it direct or indirect, towards the subject reporting for reasons either directly or indirectly connected to the report;
- protects the subject reporting via dedicated measures.

Pursuant to paragraph 2-ter of the same article, any acts of retaliation or discrimination against the subject reporting can be reported to the National Labour Inspectorate.

Lastly, pursuant to paragraph 2-quater, any termination of employment or change in role or any other form of retaliation or discrimination adopted against the subject reporting is rendered null and void.

The SB has the obligation to not divulge the news and information acquired in the exercising of its duties, guaranteeing the total confidentiality of the identity of the subject reporting and abstaining from using the information received for purposes other than those regarding its role as Supervisory Board.

All the information received by the SB is also processed in compliance with current legislation regarding privacy (Italian Legislative Decree 196/2003 and successive modifications and integrations, and European Regulation 679/2016).



CODE OF ETHICS

INTRODUCTION TO THE CODE OF ETHICS



This Code of Ethics (hereinafter referred to as “Code”), presents the ethical and behavioural principles that must be followed by all those operating for and on behalf of Diesse Rubber Hoses S.p.A. (hereinafter also referred to as “Diesse” or the “Company”).

Diesse considers it fundamental to manage relationships with its employees, collaborators, clients, suppliers, partners and, more generally, with any third-party entities, safeguarding ethic values within a context of reciprocal respect, protection, transparency and correctness.

By setting this criterion as a fundamental and essential factor, the Code of Ethics plays a role in our organisation as a “Charter of Fundamental Values” which all of those who maintain relations with the Company must

respect, or better, must adopt as their own.

The aim of the Code of Ethics is to clearly define the rules to be respected, the set of principles and values that the Company shares, and the consequential behaviour to be expected. The rules contained in this Code must be interpreted in compliance with the law, regulations, orders and rulings, as well as with common sense.

This Code of Ethics, which has been drawn up in compliance with the Guidelines issued by Confindustria (the Association of Italian Industries), forms an integral part of the Organisation, Management and Monitoring Model pursuant to Italian Legislative Decree 231/2001 (hereinafter referred to as “Model”).

RECIPIENTS OF THE CODE OF ETHICS

All of the subjects both internal and external to the Company that are obliged to respect the prescriptions of the Code of Ethics constitute the "Recipients" of the same.

The recipients of the Code of Ethics are all employees, including managers, collaborators, administrators, members of supervisory bodies as well as all those who either directly or indirectly, permanently or temporarily, establish relations with Diesse, such as, for example, consultants and suppliers.



GENERAL ETHICAL PRINCIPLES

4.1 OBSERVANCE OF LAWS

In carrying out their working activities, the Recipients are obliged to act in respect for norms, laws and obligations provided for by all regulations, licences and current authorisations, rejecting fraud and fraudulent behaviour, the false communication of company data and all illegal practices in general.

All activities that do not comply with the law, even if they represent a possible source of income, are to be considered as expressly forbidden.

4.2 FOCUS ON THE PERSON

The Company acts in respect of the fundamental rights of every individual, safeguarding moral integrity and guaranteeing equal opportunities.

The Company safeguards the physical and moral integrity of its employees and collaborators, guaranteeing their right to working conditions which are respectful of personal dignity, and therefore undertakes to maintain a calm working environment in which everyone can work in safety and in compliance with the law and with shared principles and values.

All forms of harassment and discrimination are forbidden, including - for example - gender, race, language, sexuality, personal and social status, age, religious and political beliefs, and the Company operates in observance of the principles of freedom, personal dignity and respect for diversity.

The collaboration of all figures is required in order to maintain a climate of reciprocal respect for the dignity and reputation of each and every individual.

4.3 PROFESSIONALISM AND DILIGENCE

In the execution of its contractual obligations and professional performance, Diesse, together with its employees and collaborators, acts with the utmost diligence and professionalism.

4.4 HONESTY AND TRANSPARENCY

One general and essential principle is honesty, which is necessary in order to gain credibility both within and outside of the Company and to create loyal relationships with all interlocutors. As a consequence of this principle, the Company demands that all information provided to both external interlocutors and colleagues within the

Company is true, accurate and complete.

4.5 FAIR COMPETITION

All the Company activities are carried out in compliance with the Law and as part of a framework of fair competition.

Any commercial agreements are therefore not aimed at prejudicing or distorting normal conditions of competition.

The acquisition of information regarding competitors must take place in a correct and legitimate manner, and the spreading of news or opinions regarding competitive products with a view to discrediting competitors is forbidden.

5.6 RESPONSIBILITY

It is necessary that the consequences of individual actions are always taken into consideration in daily activities, paying attention to their impact - even in the long-term - on both people and the environment.

5.7 SAFETY PROTECTION

Diesse undertakes to foster and consolidate a culture of safety, developing within the company the awareness of risks and

promoting responsible behaviour among the entire workforce and with its collaborators.

Specific responsibilities are assigned within the company by the management with regards to health and safety, with the aim of applying an effective risk management system that includes suitable training and continuous refresher courses.

4.8 ENVIRONMENTAL PROTECTION

The Company considers the definition and implementation of sustainable business policies to be an integral part of its activities and an element of respect for the area and community in which it operates.

CRITERIA OF CONDUCT

4.9 QUALITY WORK

Diesse considered quality to be an important instrument for the satisfying of the expectations of clients, employees and relevant interested party and is committed to the continuous improvement of efficiency.

The aim of Diesse is therefore to focus all activities and resources in the creation of a product that is of the utmost quality and highly reliable, aimed at satisfying all the requirements of the client.

4.10 INNOVATION

The search for innovation is the fundamental spirit that drives the activities of Diesse. To this end, the Company employs persons suited to the overcoming of old habits and cliché, and to the studying of new methods and solutions.

Innovation means the continuous striving to perfect the products offered and services provided, aiming for excellence.

5.1 USE OF COMPANY ASSETS AND SAFEGUARDING OF THE CORPORATE IMAGE

Each employee has the duty to work diligently in order to safeguard company assets through responsible behaviour in observance of safety regulations and for the environment as provided for by Law and System Procedures. The use of assets made available by the Company is permitted exclusively within the framework of the activities carried out by Diesse, save for explicit authorisation for use beyond the Company environment.

It is forbidden for Employed personnel to publish material or information on social networks, blogs or internet websites in general that may damage the image of the Company, its seriousness and market competitiveness.

5.2 OBSERVANCE OF REGULATIONS REGARDING HEALTH AND SAFETY IN THE WORKPLACE

Workers must take care of their own health and safety and that of the other people present in the workplace that may be affected by their actions or omissions, in line with their training and with the instructions and means provided by their employer, observing the provisions set out in company procedures, the measures and instructions given by the employer and managers for the purpose of their own protection and that of others. Within the framework of their own duties, employees take part in the process of risk prevention and protection of their own safety as well as that of their colleagues and of third parties.

To this end, the Company undertakes to:

- manage activities in compliance with current regulations regarding the prevention of and protection from risks to health and safety in the workplace;
- apply the best available technology and constantly verify its reliability both in the correct employment of systems/machinery and in their maintenance, modification and decommissioning;
- extend the use of operational procedures and technical standards for the correct management of activities;
- implement a monitoring system in order to guarantee the maintenance of safety conditions and of planned procedures over time;
- instruct and train the personnel in order to achieve the highest possible levels of safety and hygiene on the workplace

5.3 OBSERVANCE OF ENVIRONMENTAL REGULATIONS

With regards to the environment, Diesse assesses, controls and, where possible, minimises environmental impact in the carrying out of its activities.

To this end, the Company requires the commitment of all Recipients towards ecologically oriented actions and therefore to the optimising of resources and materials available with a view to sustainability.

5.4 RELATIONSHIPS WITH PUBLIC ADMINISTRATION

Relationships concerning the activities of Diesse entertained with Public Administration must be based on the utmost transparency and correctness and maintained in strict observance of current laws and regulations and the principles set out in the Code of Ethics in order to ensure the full legitimacy of the Company's dealings.

To this end, it is explicitly forbidden to:

- act in a manner which may be even solely interpreted as aimed at prejudicing the fundamental principles of this Code;
- promise, request or offer money or other benefits to Public Officials or employees of Public Administration with the aim of evading regulations regarding contractual negotiations with the same;
- make false declaration to national or European public bodies in order to receive public grants;
- contributions or subsidised loans, or to benefit from concessions, authorisations, licences or other administrative acts.

In the event of audits or inspections carried out by relevant public authorities, employees

must act with the utmost willingness and collaboration.

5.5 RELATIONSHIPS WITH JUDICIAL AUTHORITIES

Relationships with the Judicial Authorities and public officials must be characterised by the utmost collaboration, transparency and sense of civic duty.

Diesse is committed to avoiding the application of pressure in any form on persons called to make statements before the Judicial Authorities with the aim of inducing them to not make statements or to make statements that are false.

5.6 GIFTS AND OTHER BENEFITS

The Company forbids the recipients to receive/request or solicit/offer - even indirectly - gifts or other benefits, even of little value, with regards to the relationships entertained for the exercising of their functions.

It is allowed to accept/offer gifts and benefits of little value within the limits of normal courtesy practices to an extent that cannot influence judgemental independence or induce the promising of favours to the counterparty.

Any recipients who receive gifts or other benefits that go beyond the extent of normal relationships of courtesy must immediately pass them on to the Company for their return or donation to charity.

5.7 RELATIONSHIPS WITH CLIENTS

The Company recognises client satisfaction and protection as a prime objective.

To this end, it is necessary that everyone does their utmost in order to provide a level

of service that is suited to the requests and requirements of the clients while always maintaining an honest, collaborative and respectful relationship.

Employees and collaborators are therefore required to orient their behaviour by drawing inspiration from the guiding criteria of politeness, courtesy and willingness.

Full client satisfaction through reliable and correct behaviour aimed at guaranteeing high-quality products and services is a prime objective for Diesse.

5.8 RELATIONSHIPS WITH SUPPLIERS

Suppliers are chosen exclusively through objective criteria of selection and evaluation and transparent methods, bearing in mind their quality, price and capacity to supply and guarantee a good level of service.

The fulfilment of the contractual commitments by the supplier should be in line with that set out by the contract.

In the relationships with suppliers, the Company forbids the Recipients of this Code from favouritism and the carrying out of practices of corruption and collusion.

5.9 CONFLICT OF INTEREST

With a view to avoiding situations, even solely potential, of conflict of interest, the Recipients are required to provide prior declarations of conflict of interest, with particular reference (but not solely) to personal or family interests of any nature and not restricted to matters of property, which may influence the independence of judgement in deciding in the best interests of Diesse.

Each Recipient undertakes to duly declare said conflicts to their direct superior, who will assess on a case-by-case basis the effective presence and relevance of the conflict, and to abstain from making decisions in situations in which they find themselves in a conflict of interest.

5.10 PROTECTION OF PRIVACY

Privacy and the confidentiality of information must be protected in compliance with relative regulations (privacy regulation pursuant to Italian Legislative Decree 196/2003 and successive modifications and integrations and European Regulation 2016/679) through norms and procedures that govern the processing and storage of data and sensitive information.

5.11 PROTECTION OF CONFIDENTIALITY

The employees, the collaborators and anyone who has relationships with Diesse must, in accordance with the principle of confidentiality, safeguard the protection of technical, financial, legal and administrative information, as well as that regarding the management of personnel and company activities and, more generally, all information obtained with regards to the duties and tasks performed, recognising this information as the property of Diesse.

IMPLEMENTATION AND MONITORING SYSTEM

6.1 OBSERVATION OF THE REGULATIONS CONTAINED IN THE CODE OF ETHICS

The principles and behaviour illustrated in this Code of Ethics offer a general reference framework, but it is possible that doubts may arise in terms of the interpretation of the principles and the correct behaviour to adopt in the different situations that may emerge.

The Company therefore provides the Recipients with a direct channel of contact with those who can help to clarify any doubts and contexts of application regarding the Code of Ethics.

In order to achieve the utmost awareness and understanding of the regulations contained in the Code of Ethics, the Company provides and implements a programme of communication and training aimed at favouring the full awareness of the Code.

The Recipients of the Code of Ethics are obliged to:

- **observe** the principles and the rules of conduct defined in this Code of Ethics;
- **inform** their superiors or the Supervisory Board of any critical situations or moments of difficulty in the application of the provisions of the Code, as well as any violations of the same that they are aware of, even beyond the scope of their duties within the Company;
- **collaborate** with the structures charged with verifying possible violations;
- **send** the relative request to their superior and to the Board of Directors for the application of sanctions for violation of this Code of Ethics;
- **adopt** the opportune actions in the event of breach by third parties of the obligation to comply with the regulations in the Code of Ethics.

6.2 DISCIPLINARY SYSTEM AND SANCTIONS

Recipients who commit any violation of the regulations in this Code of Ethics are committing a breach of their obligations to the Company, with all consequential actions according to the Law and their contract.

All violations of these provisions will be punished through the measures provided for by the Disciplinary System in a suitable and proportional manner, independent of any criminal relevance of said behaviour, and with the application of criminal proceedings in the event in which a crime has been committed.

With regards to the sanctions applicable to the employee, these will in any case respect the procedures provided for by the Workers' Statute and relative National Collective Labour Agreement.

In the case of freelance workers, suppliers or other subjects with contractual relationships with the Company who violate the regulations set out by the Code of Ethics, the Company will have the right to terminate the contract.

6.3 REPORTING

In order to guarantee the effective application of the Code of Ethics, the Company has set up dedicated channels for the reporting of any presumed non-compliance with this document. Reports of this nature can be sent by email to: **odv@diesserubber.com**

Diessa manages the reports via dedicated internal disciplinary procedures.

6.4 FINAL PROVISIONS

This Code of Ethics is of immediate effect from the date of approval by the Board of Directors and until it is revised or updated.

INTRODUCTION

DISCIPLINARY SYSTEM

The Disciplinary System suited to sanctioning the non-compliance with the Organisation, Management and Monitoring Model (hereinafter referred to as “Model”) and the Code of Ethics is to be considered an essential element of the Model itself and an instrument to guaranteeing its effective application.

In relation to this, article 6, paragraph 2, letter e) of Italian Legislative Decree 231/2001 (hereinafter referred to as “Decree”) states that the Organisation and Management Model must “introduce a Disciplinary System suited to punish non-compliance with the measures set out in the Model”.

Article 7, paragraph 4, letter b) of the Decree established that the effective implementation of the Model also requires “a Disciplinary System suited to punishing non-compliance with the measures set out in the Model”.

Diesse Rubber Hoses S.p.A. (hereinafter also referred to as “Diesse” or the “Company”) has set up its own Disciplinary System, presented in this document, basing it on the contents of the aforementioned articles, court sentences and on the indications provided by the Guidelines from Confindustria (the Association of Italian Industries).

The Disciplinary System is distributed to all workers and is also presented on company notice boards.

1.1 THE REGULATORY FRAMEWORK FOR THE DISCIPLINARY SYSTEM

- relative regulations, in particular article 7 of Italian Law 300/1970 (Workers' Statute), article 2104 of the Italian Civil Code (diligence of workers), article 2105 of the Italian Civil Code (obligation of loyalty), article 2106 of the Italian Civil Code (disciplinary sanctions), article 2118 of the Italian Civil Code (termination of contract) and article 2119 of the Italian Civil Code (termination for just cause);
- measures set out by the applicable National Collective Labour Agreement: Rubber and plastic - industry
- Art. 1176 of the Italian Civil Code (diligence in fulfilment), article 1218 of the Italian Civil Code (responsibility of debtors) and article 1456 of the Italian Civil Code (express termination clause);
- article 1382 of the Italian Civil Code (effects of criminal clauses) and article 1456 of the Italian Civil Code (express termination clause);
- regulations regarding health and safety: article 20 of Italian Legislative Decree 81/2008

The sanctions provided for by the Disciplinary System, which is an integral part of the Organisation, management and monitoring model, have the same disciplinary nature as the measures specified in article 7 of the Workers' Statute and its successive modifications, and the disciplinary sanctions provided for **by the article in the National Collective Labour Agreement** and successive modifications.

1.2 PRINCIPLES OF THE DISCIPLINARY SYSTEM

The Disciplinary System is intended to function in a preventative manner. The non-observance of the Model and the Code of Ethics results in the implementation of an internal, timely and immediate sanctioning procedure by Diesse.

The application of disciplinary sanctions is irrespective

of the result of any criminal proceedings, in order to combat any actions that are preparatory to the committing of the crimes specified in Italian Legislative Decree 231/2001.

The identification of sanctions takes place in accordance with the principle of suitability and proportionality and in relation to the gravity of the crime or, in any case, to the violation committed, ensuring, in the cases provided for by law or the National Collective Labour Agreement, the involvement of the subject concerned with the opportunity to justify their behaviour following an appeal against the detraction, also via the possibility to have the support of a representative from the trade union they are a member of or that they have granted mandate to..

1.3 CONTENT AND RECIPIENTS OF THE DISCIPLINARY SYSTEM

The Disciplinary System of Diesse Rubber Hoses S.p.A. contains:

- the acts that are considered to qualify for disciplinary action;
- the relative sanctions in line with the law and with the National Collective Labour Agreement;
- procedures for accusation and the application of sanctions;

The sanctions identified in this code are applied, with specific aspects, to:

- employees (who do not hold executive roles);
- managers;
- members of the Board of Directors;
- members of the Board of Statutory Auditors;
- members of the Supervisory Board;
- external subjects who operate on behalf of the Company (freelancers, semi-subordinate employees, suppliers, consultants etc.).

OPERATIONAL PROCEDURES

2.1 MEASURES AGAINST EMPLOYEES

The sanctions applicable to employees (managers, administrative staff and workers), in compliance with the regulations of the Italian Civil Code, the procedures specified in article 7 of the Law of 30 May 1970, n. 300 (the Workers' Statute) and the relative National Collective Labour Agreement, are:

- verbal reprimand;
- written reprimand;
- fine up to 3 hours' pay and cost-of-living contributions;
- suspension from work for up to 3 days.

In addition to the behaviour specified in the National Collective Labour Agreement, pursuant to this Disciplinary System and in compliance with the regulations of the Italian Civil Code and the procedures specified in article 7 of the Law of 30 May 1970, n. 300 (Workers' Statute), the following behaviour is also considered as sanctionable:

- the non-observance of the principles and regulations of behaviour present in the adopted Code of Ethics;
- the non-observance of the company procedures and protocols referred to in the Model;
- the omission of the obligations pursuant to article 20 of Italian Legislative Decree 81/08 regarding health and safety in the workplace (workers' obligations);
- the obstructing or evasion of controls by the Supervisory Board, the obstruction of access to information and documentation for the subjects charged with the activity of control;
- the omitted informing of the Supervisory

Board as well as management regarding the information flows specified in the Model;

- the omitted reporting of cases of non-observance or irregularities committed by other workers and senior management;
- the violation of the measures adopted by the Company to protect those reporting illicit activities (whistleblowers), which consists in the violation of the protective measures guaranteed to the subject reporting, or in the (accidental or gravely deliberate) making of biased reports or reports that are revealed to be unfounded.

The assessment and the choice of the sanction to apply from those available must consider the seriousness and repetitive nature of the conduct. The repetition of a form of conduct over time constitutes a sign of gravity of the violation.

Accusations that may lead to the application of sanctions other than a simple verbal reprimand must necessarily be written, in such a way as to guarantee traceability.

Employees who are subject to disciplinary proceedings must be guaranteed prior notification of the sanction and the right to defence, in line with the provisions of article 7, Law 300/1970.

2.2 MEASURES AGAINST MANAGEMENT

In compliance with legal regulations and, in particular, those of the Italian Civil Code, article 7 of the Law of 30 May 1970, n. 300 (Workers' Statute) and with the applicable National Collective Labour Agreement and successive modifications, the following sanctions can be applied to managers or other senior subjects:

- verbal reprimand;
- firing.

The sanctions and any requests for damages, pursuant to articles 1176 and 1218 onwards of the Italian Civil Code are applied in accordance with the level of responsibility and autonomy of the manager, the existence of any previous disciplinary actions, the level of intention in the behaviour as well as the seriousness of the same, the latter interpreted as the level of risk to which the Company can reasonably consider itself to be exposed, pursuant to and by effect of Italian Legislative Decree 231/2001, following the sanctionable conduct.

The forms of sanctionable conduct are the same attributed to employees specified above.

The assessment and the choice of the sanction to apply from those available must consider the seriousness and repetitive nature of the conduct. The repetition of the aforementioned conduct constitutes an increase in the seriousness of the violations.

2.3 MEASURES AGAINST DIRECTORS AND STATUTORY AUDITORS

The following sanctions can be applied to directors and statutory auditors proportionally to the seriousness of the violation committed:

- verbal reprimand;
- revocation of role for just cause.

In compliance with that stated in the Italian Civil Code, the revocation of role for just cause as specified in articles 2383 paragraph 3 and 2400 paragraph 2 is identified as the appropriate sanction for more serious violations, i.e. those that constitute the compromising of the relationship of trust between the director or statutory auditor and the partners.

The disciplinary power with regards to directors and statutory auditors is in the hands of the Partners who, in compliance with the regulations of the Italian Civil Code and of the company by-laws and successive modifications, are called on to deliberate over the revocation or action of responsibility against these figures.

The forms of sanctionable conduct are the same as that attributable to employees.

The assessment and the choice of the sanction to apply from those available must consider the seriousness and repetitive nature of the conduct. The repetition of the aforementioned conduct constitutes an increase in the seriousness of the violations.

2.4 MEASURES AGAINST MEMBERS OF THE SUPERVISORY BOARD

Any proceedings to be adopted against the members of the Supervisory Board in response to behaviour by the same in violation of the Code of Ethics and/or the Model will be the responsibility of the Board of Directors. In the case of serious violations, the conduct may be considered as just cause for the revocation of the role, save for the application of any disciplinary sanctions provided for by the relative contract.

2.5 MEASURES APPLICABLE TO EXTERNAL SUBJECTS (FREELANCERS, SEMI-SUBORDINATE EMPLOYEES, SUPPLIERS)

In the event that the behaviour in violation of the Model or Code of Ethics is that of freelancers, suppliers or other subjects that operate on behalf of Diesse under contract, the only applicable measure is the termination of the contract pursuant to article 1456 of the Italian Civil Code.

There is no disciplinary power available to company management, save for the power of the latter to intervene in accordance with the contract and complying with the contractual governance provided for by the Italian Civil Code.

The sanctions should correspond to that stated in the contractual clauses and to legal regulations with regards to the specific nature of each relationship (express termination clauses that make explicit reference to the measures set out by the Model and the Code of Ethics pursuant to article 1456 of the Italian Civil Code where applicable and/or the application of penalties pursuant to article 1382 of the Italian Civil Code).

PROCEEDINGS AND APPLICATION OF SANCTIONS

On learning of behaviour that goes against the provisions of the Model and/or the Code of Ethics, the Supervisory Board proceeds with the implementation of a preliminary phase aimed at ascertaining the veracity or authenticity of the violations uncovered directly or reported by third parties. The SB examines all the reports in order to ascertain the veracity of the news.

During such proceedings, the SB can request information, documentation and data from the company functions. On conclusion of proceedings, the Supervisory Board makes its own assessment with regards to the existence or not of the violation, to the causes of the same and to any need for corrective action concerning the Model.

With reference to the subject having committed the violation the SB sends the result of the proceedings to the following bodies:

- in the event of violations committed by employees, to the President of the Board of Directors, who will set in motion procedures for the application of sanctions;
- in the event of violations committed by the directors or statutory auditors, to the Shareholders in order to allow opportune discussion of the matter;
- in the event of violations committed by members of the Supervisory Board, to the Board of Directors;
- in the event of violations committed by external subjects, to the Board of Directors/delegated Directors, who will set the process of application of sanctions into motion.





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